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# ***Daily Report***

## **China**

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# Daily Report

## China

FBIS-CHI-93-141

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**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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### General

#### Editorial Discusses U.S.-DPRK Nuclear Talks

HK2307080093 Hong Kong WEN WEI PO in Chinese  
23 Jul p 2

[Editorial: "Delicate 'Nuclear Inspection' Diplomacy of United States and North Korea"]

[Text] At a time when his country is shifting its diplomatic and trade focus toward the Asian-Pacific region, Clinton's suggestion to hold an Asian-Pacific region summit meeting serves to show the eagerness of the United States, says THE HERALD TRIBUNE of the United States.

The United States has already built up diplomatic channels with Vietnam on the search for MIAs. Meanwhile, the United States has also held a second round of talks with North Korean representatives in Geneva on "nuclear inspection." A joint declaration was issued after the talk, which stressed that the United States and North Korea "have reached consensus on the following three principles: Opposing any threat of employing forces, including the use of nuclear weapons; ensuring the peace and security of a nuclear-free Korean peninsula, including fair implementation of a nuclear-free guarantee treaty, mutual respect for each other's sovereignty, and noninterference in each other's internal affairs; and supporting the peaceful reunification of Korea."

Talks on "inspection of nuclear weapons" unexpectedly ended in a joint declaration stressing "noninterference in each other's internal affairs, and supporting the peaceful reunification of Korea." Kang Sok-chu, North Korea's first vice minister of foreign affairs, who also participated in the talks, said: "The joint declaration is of historical significance, and serves as a turning point in the history of bilateral relations between the two countries."

According to analyses, this situation serves to show that the United States is currently making use of its strategy of making diplomatic contacts. That is, through the Geneva talks, the United States sent a signal on developing normal ties with North Korea. By so doing, the United States can narrow the gap between the two countries and thus build up channels for two-way dialogue.

Using the pretext of "nuclear inspection" to deceive the public, the United States seeks to sound out the possibility of starting a dialogue with North Korea. It is hard for the United States to get down from its high horse and take the initiative to approach North Korea; however, if it always gives North Korea a cold shoulder, the deadlock can never be broken. Under such circumstances, the United States adopted an "offensive" tactic. According to the United States, photos taken by reconnaissance satellites suggested that North Korea had two nuclear waste storage sites in Chopyon County, Pyongan-Pukto,

which is 80 km north of Pyongyang. Since the two nuclear facilities had never been inspected by the International Atomic Energy Agency [IAEA], the United States considered that "North Korea may have already begun development of nuclear weapons." The IAEA conducted six tests on North Korea's plutonium waste in January 1993, and results of the third investigation showed that statistics provided by North Korea were not accurate. On 25 February, the IAEA decided to urge North Korea to open these two nuclear facilities. Taking coordinated action, the United States had long prepared to impose pressure on North Korea. Starting 9 March, the United States conducted the 1993 military maneuver named "Team Spirit," attended by 120,000 troops. Seeing this, North Korea immediately announced "the state of war in the entire country." On 12 March, North Korea made public its withdrawal from the nuclear weapon Nonproliferation Treaty. The United States, Russia, Japan, and the ROK gave a prompt response to North Korea's move, declaring willingness "to take sanctions against North Korea." On 5 April, North Korea urged the United States to hold direct talks to solve disputes between them, and what came next was bilateral and multilateral contacts.

The truth is that the United States intends to use the pretext of "nuclear inspection" to attain its ultimate goal. During the talks, Kang Sok-chu, North Korea's first vice minister of foreign affairs, suggested that the United States provide North Korea with a light water moderated reactor to replace the graphite moderated reactor, to show that North Korea "had no intention of developing nuclear weapons." The United States immediately expressed its willingness to assist North Korea in developing this light water moderated reactor on the grounds that a graphite reactor can be used to manufacture materials for nuclear bombs, while a light water reactor cannot.

The United States knows best whether or not North Korean has the ability to manufacture nuclear bombs. The United States' move to provide North Korea with light water reactor technology and assist it to make peaceful use of nuclear energy is nothing but a big business deal on the sales of technology and equipment. By so doing, the United States can kill two birds with one stone: It succeeds not only in giving publicity to "nuclear inspection," but also in establishing ties with North Korea. Will the United States do the same to other Asian countries: first create conflicts with these countries as some kind of excuse, and then seize an opportunity to conduct bargaining "consultations and dialogues" so that it can reach its goal of improving relations without losing face at the same time?

#### Qian Qichen Attends ASEAN Forum in Singapore

OW2307091593 Beijing XINHUA in English 0828  
GMT 23 Jul 93

[Text] Singapore, July 23 (XINHUA)—The foreign ministers from six members of the Association of the Southeast Asian Nations (ASEAN) began their annual meeting in Singapore this morning at the conference center of Raffles city.

Opening the two-day meeting, Singapore Prime Minister Goh Chok Tong, said in his speech that the ASEAN process must grow to meet new challenges in the 1990s.

He said the decisions of the fourth ASEAN summit and the follow-up actions would form the basic agenda for cooperation within ASEAN members and between ASEAN members and the other Asia-Pacific countries.

He noted that the geopolitical landscape in the Pacific is being reshaped because of global shifts of strategic balances after the cold war.

Referring to China, he said "the leaders in the governments and in media are extrapolating China's economic success into the 21st century."

On Japan's moves to build an internal and regional consensus on a new and bigger political role, he said "we, and maybe many Japanese themselves, do not know what kind of Japanese consensus will be reached.

For the United States, the prime minister said it would remain a key factor for Asia-Pacific stability. But U.S. presence must be based on strong political and economic interests.

Attending today's meeting were ASEAN Secretary-General Dato Ajuit Singh, Indonesian Foreign Minister Ali Alatas, Malaysian Foreign Minister Ahmad Badawi, Brunei Foreign Minister Prince Mohamed Bolkiah, Philippine Foreign Minister Roberto Romulo, Singapore Foreign Minister Wong Kan Seng, Thailand Foreign Minister Prasong Sunsiri, Chinese Foreign Minister Qian Qichen, Russian Foreign Minister Andrey Kozyrev and Vietnam Foreign Minister Nguyen Manh Cam.

#### Meets ASEAN Ministers

*OW2407022893 Beijing XINHUA Domestic Service in Chinese 1608 GMT 23 Jul 93*

[By reporter Cai Ximei (5591 6932 2734)]

[Text] Singapore, 23 Jul (XINHUA)—Qian Qichen, Chinese vice premier and foreign minister, had consultative talks with the six ASEAN foreign ministers this afternoon.

Qian Qichen reaffirmed to the six ASEAN foreign ministers that the Chinese Government attaches great importance to peace, security, and development in this part of the world. He said: "China does not seek hegemony [cheng ba 4468 7218] today, and it will not seek hegemony even when it becomes strong and developed in the future. China's foreign policy of peace has been tested by time."

He said: "China will neither become a real nor potential threat. China can only be a positive force in safeguarding peace, stability, and development in the Asian-Pacific region."

When the meeting began, Wang Kan Seng, chairman of the meeting and Singapore's foreign minister, once again

represented ASEAN to welcome Qian Qichen and his delegation to attend the meeting to consult with ASEAN countries. He said: ASEAN has taken note of the success and rapid economic growth that China has achieved in its modernization drive. ASEAN hopes to see a prosperous China because that will be in the interests of economic development and cooperation in this region. He added: The ASEAN secretary general will head a delegation to visit China to promote ASEAN cooperation.

Qian Qichen said: 1993 is a year in which China and ASEAN countries have made significant headway in developing their good neighborly relations. Following the visits made by Philippine President Ramos, Singaporean Prime Minister Goh Chok Tong, and Malaysian Prime Minister Mahathir during the first half of this year, the Thai prime minister and the sultan of Brunei will also visit China during the second half of the year. Meanwhile, Qiao Shi, chairman of China's National People's Congress Standing Committee, is also visiting ASEAN countries. The exchange of visits by leaders from both sides has given a powerful impetus to the development of relations between China and ASEAN.

Regarding regional and international issues, Qian Qichen said that China and ASEAN countries share common ground in many ways, and the constant improvement of mutual support and coordination has contributed positively to stability and prosperity in this part of the world.

In speaking on economic and trade cooperation between China and ASEAN, Qian Qichen said: The two sides' cooperation in the economic and trade sector has been growing. The trade volume between China and ASEAN reached \$8.466 billion, and mutual investments exceeded 1.7 billion last year. The number of visits by people from the two sides increased to 650,000 in 1992 from 270,000 in 1991. Because we all have our respective economic, scientific, and technological strengths, the potential for China and ASEAN to develop reciprocal cooperation is enormous.

After elaborating on the current world situation, Qian Qichen pointed out: Both China and ASEAN wish to reinforce and develop Asian-Pacific cooperation because this is also in the fundamental interests of countries in this region.

On the issue of regional security, Qian Qichen said: The Chinese Government attaches great importance to this region's peace, security, and development. As Asian countries with different situations, cultural backgrounds, concepts of values, and degrees of economic development, we should not copy the European models indiscriminately. To promote mutual understanding and explore ways of cooperation, all forms of bilateral and regional dialogue should be conducted first at all levels and through all channels. Qian Qichen expressed the belief that, through dialogue, Asian countries can certainly reach some common understanding regarding the

principles, mechanisms, and forms governing regional security to provide a reliable groundwork for Asian security and cooperation.

**Reaffirms 'Policy of Peace'**

*OW2307172393 Beijing XINHUA in English 1646  
GMT 23 Jul 93*

[Text] Singapore, July 23 (XINHUA)—Visiting Chinese Vice-Premier and Foreign Minister Qian Qichen has reaffirmed that China pursues a foreign policy of peace and would never pose a threat to other countries.

He reiterated the position this afternoon in the "6 plus 1" consultations between China and the Association of Southeast Asian Nations (ASEAN), which is holding its 26th annual ministerial meeting here from today.

"China will never become a threat, neither real nor potential, to other countries. It can only be a positive force in safeguarding peace, stability and development in the Asia-Pacific region," Qian told the ASEAN foreign ministers, adding that his government's foreign policy of peace has been time-tested.

Qian believed that Asian countries with different conditions, different cultural backgrounds, different values and at different stages of development, can surely work out consensus on the principles, mechanisms and forms of regional security, which will provide solid basis for regional cooperation on security.

"The Chinese Government attaches great importance to the positive role the ASEAN has played in the regional cooperation and security. We are ready to employ and strengthen the mechanisms of dialogue and consultations with the ASEAN," the Chinese vice-premier stressed.

He said he was pleased that the year 1993 has seen a major development of the relations between China and the ASEAN with top leaders exchanging visits.

After reviewing the general situation in the world, Qian said: "At a time when developed countries are experiencing recessions and many developing countries are facing even more problems, we are relieved to see that the relative political stability and the momentum of sustained economic growth have been maintained in Asia."

"It is our common desire and it is in our fundamental interest to reinforce and develop the regional cooperation," he said.

Turning to the economic cooperation between China and the ASEAN, Qian cited the 8.5 billion U.S. dollars two-way trade and the 1.7 billion dollars mutual investment in 1992 as well as the ever increasing personnel exchanges.

At the beginning of this afternoon's consultations, chairman of the ASEAN ministerial meeting and Singaporean Foreign Minister Wong Kan Seng expressed the

ASEAN's welcome to Qian Qichen and his delegation. He said the ASEAN would like to see a prosperous China because it is in the interest of the region's economic development and cooperation.

After Qian's speech, the two sides exchanged views on issues of mutual interest in a cordial and friendly atmosphere.

**Visits APEC Secretariat**

*OW2407003593 Beijing XINHUA in English 1617  
GMT 23 Jul 93*

[Text] Singapore, July 23 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen visited the Secretariat of the Asia-Pacific Economic Cooperation (APEC) and met its Executive Director William Bodde and other staff members here this afternoon.

The Chinese foreign minister, who was invited here to attend the ongoing 26th ASEAN Ministerial Meeting (AMM) as ASEAN's guest, said that the APEC is a dynamic and vital organization. The Chinese Government supports it and takes an active part in its activities, he said, hoping that the forthcoming APEC ministerial meeting to be held in Seattle in November this year would be a success.

Qian also wished the APEC will become more efficient.

Bodde briefed the Chinese visitors on the activities of the Secretariat since its establishment.

Qian visited the Secretariat in the company of the Chinese ambassador to Singapore and other Chinese officials.

**Talks With Foreign Ministers**

*OW2507083193 Beijing XINHUA Domestic Service in Chinese 1349 GMT 24 Jul 93*

[By correspondent Cai Ximei (5591 6932 2734)]

[Text] Singapore, 24 Jul (XINHUA)—Qian Qichen, Chinese vice premier and foreign minister, met with Malaysian Foreign Minister Badawi, Russian Foreign Minister Kozyrev, and Papua New Guinean [PNG] Foreign Minister John Kaputin on separate occasions here today.

Badawi briefed Qian on the positions of Malaysia and the Islamic Conference Organization on the issue of Bosnia-Herzegovina.

Qian Qichen said: "China is deeply concerned over the prolonging of the Bosnia-Herzegovina issue and the continuous fighting there. It is our consistent position that the territorial integrity and unity of Bosnia-Herzegovina must be maintained, and the top priority at present is to bring about a cease-fire, and then to reach a political settlement through consultations among all parties concerned with the help of the United Nations and the international community."

Qian Qichen and Kozyrev exchanged views on bilateral relations between China and Russia. They both agreed Sino-Russian relations have been good since President Boris Yeltsin's visit to China last December. Turning to recent cases of nonobservance of navigational rules on the East China Sea, Qian Qichen pointed out that the chaos [hun luan 3236 0052] in maritime navigation was not the result of Chinese or Russian Government policies. The two foreign ministers agreed that an expert-level meeting will be held before long to resolve these issues.

In meeting Papua New Guinean Foreign Minister John Kaputin, Qian expressed his hope the good Sino-PNG relations will continue to develop.

John Kaputin said: "China plays an important role in the Asia-Pacific region. PNG maintains good relations with China. We hope our cooperation with China in various fields will continue to develop." He also reiterated that PNG will uphold its one-China policy.

#### Meets Russia's Kozyrev

*OW2407155393 Beijing XINHUA in English 1513  
GMT 24 Jul 93*

[Text] Singapore, July 24 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen met his Malaysian, Papua New Guinean and Russian counterparts here today.

Malaysian Foreign Minister Abdullah bin Haji Ahmad Badawi briefed Qian on the positions of Malaysia and the Organization of Islamic Conference on the situation in Bosnia-Herzegovina.

The Chinese vice premier said that China is deeply concerned over the protractedness of the Bosnia-Herzegovina issue and the continuous fighting there. "It is our consistent position that the territorial integrity and unity of Bosnia-Herzegovina must be maintained, and the top priority at present is to bring about a ceasefire, and then to reach a political settlement through consultations among all parts concerned with the help of the United Nations and the international community," he said.

Abdullah also informed Qian of the progress in regard of the proposition on the East Asia Economic Caucus, to which the Chinese foreign minister voiced support from the Chinese part.

The Malaysian foreign minister appreciated Qian's speech on Friday [23 July] at the consultative meeting with the foreign ministers of the Association of Southeast Asian Nations (ASEAN), describing it as conducive to increased mutual confidence and understanding.

During their meeting, the foreign ministers of China and Russia exchanged views on the bilateral relations between the two countries. They agreed that the Sino-Russian relations have been good since President Boris Yeltsin's visit to China last December. Turning to recent

cases of irregularities in navigations on the East China Sea, the two foreign ministers agreed that an expert-level meeting will be held before long to resolve these issues.

In meeting Papua New Guinean (PNG) foreign minister John Kaputin, Qian expressed his hope that the good Sino-PNG relations will continue to develop, especially in the field of economy and trade. He believed that PNG, as both a South Pacific and Asia-Pacific country, has a unique role to play.

Kaputin said that his country also hopes its cooperations with China in various fields will continue to develop, and it likes to be a bridge between the South Pacific and Asia-Pacific.

He also reiterated PNG's one-China policy, saying its relations with Taiwan will be confined to non-official ties.

Qian and the other three foreign ministers are here attending events related to ASEAN's 26th ministerial meeting, which opened on Friday [23 July].

#### Addresses Press Association

*OW2507101293 Beijing XINHUA Domestic Service in Chinese 1459 GMT 24 Jul 93*

[By correspondent Cai Ximei (5591 6932 2734)]

[Text] Singapore, 24 Jul (XINHUA)—Qian Qichen, Chinese vice premier and foreign minister, delivered a speech at a luncheon given by Singapore's Foreign Press Association today.

Qian Qichen briefed the participants on China's economic situation and domestic policies, reviewed China's relations with Singapore and ASEAN, and explained China's position and policies on a number of international issues.

Qian Qichen said his visit to Singapore and his consultations with ASEAN's foreign ministers had been "both delightful and fruitful." He said: Relations between China and Singapore have enjoyed smooth development. The frequent exchange of visits between leaders of the two countries has given fresh impetus to the development of Sino-Singapore relations. The most salient feature of this relationship is that economic and trade cooperation, having developed steadily, is now entering a new stage.

Qian Qichen evaluated relations between China and ASEAN highly. He said that China and ASEAN share extensive common understanding on the establishment of a new international political and economic order, democracy and human rights, environmental protection, Cambodia and the Korean peninsula, and other important international and regional issues. He believed the friendly relations and cooperation between China and the ASEAN are a factor of stability in this region and will contribute to the region's peace, development, stability, and prosperity.

Qian Qichen pointed out: Economic cooperation between China and ASEAN is a component of extensive regional cooperation and enjoys a bright future.

Turning to the recent allegation that China has already become "the third largest economy in the world," Qian Qichen said that does not square with reality. He said: China is still a developing country, whether one measures it by value or by actual product, often used in comparing countries, or whether one judges it by its level of economic development or the state of its science, technology, society, culture, environment, etc.

He said: China does not, and will not impose hegemony and power politics on others and will not threaten or bully any one.

After the speech, Qian Qichen answered questions raised by reporters. In speaking of the meeting [hui wu 2585 2524] between the Chinese foreign minister and the U.S. secretary of state scheduled for 25 July, Qian Qichen hoped the meeting will help improve relations between the two countries [you zu yu tui dong liang guo guan xi de gai shan 2589 0504 2236 0520 0357 0948 7070 4762 4104 2395 0810].

Qian Qichen also explained the Chinese Government's position on the Nansha Qundao [Spratly Islands] and other issues.

### Discusses Ties With ASEAN

OW2407162793 Beijing XINHUA in English 1511  
GMT 24 Jul 93

[Text] Singapore, July 24 (XINHUA)—Visiting Chinese Vice Premier and Foreign Minister Qian Qichen said here today that the Asia-Pacific countries should cherish the current historical opportunity to promote common development.

In a speech delivered at a luncheon given by Singapore's Foreign Press Association in his honor today, the Chinese foreign minister said that against the backdrop of a volatile international scene and a world economic slump, Asia enjoys a relative stability and steady economic growth. "The Asia-Pacific countries and their people should cherish this historical opportunity, strengthen their cooperation, maintain peace and stability and promote common development," he said.

China is ready to maintain close contacts and consultations with the ASEAN countries in a joint effort to promote the economic cooperation in the region, Qian said adding that this kind of cooperation certainly should not be exclusive. On the contrary, it should help promote the economic exchange and cooperation worldwide.

Qian, who was invited to visit Singapore and attend the opening session of the 26th ASEAN ministerial meeting here as ASEAN's guest, told some 200 reporters and

diplomats present at the function that his visit to Singapore and his consultations with ASEAN's foreign ministers had been "both delightful and fruitful."

Qian said the relations between China and Singapore have enjoyed a smooth development. The frequent exchange of visits between leaders of the two countries has given fresh impetus to the development of Sino-Singapore relations. The most salient feature of this relationship is that economic and trade cooperation, having developed steadily, is now entering a new stage.

Qian appreciated China's relations with ASEAN. "China and ASEAN share extensive common understanding on the establishment of a new international political and economic order, democracy and human rights, environmental protection, Cambodia and the Korean peninsula and other important international and regional issues," he said, believing that the friendly relations and cooperation between China and the ASEAN is a factor making for stability in this region and will have a bright future.

As for security cooperation, Qian said: "we may start off with bilateral and regional security dialogues of various forms. At different levels and through various channels in response to the diversity of the region, and through such dialogues and consultations, we may improve our communication and confidence in one another."

Turning to the recent allegation that "China has already become the third largest economy in the the world," Qian said "this does not square with reality." China is still a developing country, whether one measures it by value or by actual product often used in comparing countries, or whether one judges it by its level of economic development or the state of its science, technology, society, culture, environment, etc. If calculated in per-capita terms, China will be among the low-income countries, he said.

Refuting the allegation of the so-called "China threat," the Chinese foreign minister said "as a country having regained its independence and sovereignty, China does not, and will not impose hegemony and power politics on others and will not threaten or bully any one."

### Further on Qian's Activities at ASEAN Summit

#### Addresses News Conference

OW2407164193 Beijing XINHUA in English 1614  
GMT 24 Jul 93

[Text] Singapore, July 24 (XINHUA)—China has voiced its support to the Malaysian-proposed East Asia Economic Caucus (EAEC) as an economic forum, but not as a trading group.

Replying to a question about the EAEC proposal at a press conference here this afternoon, Chinese vice premier and Foreign Minister Qian Qichen said: "we in principle support the proposal, because an economic

forum is helpful for the Southeast Asian countries to exchange views and promote their cooperations."

However, Qian added, the EAFC should not be a trading group, and it should not be incompatible with other international groupings. Rather, it must be of help in promoting economic ties within Asia and between Asia and other regions.

Asked whether China would accede to the Treaty of Amity and Cooperation of Southeast Asia, the foreign minister said while supporting its principles and purposes, China would not necessarily accede to the treaty of Southeast Asian countries, as China is situated in Asia, but not in Southeast Asia.

To a question about the Nansha [Spratly] Archipelago, Qian reiterated China's position, saying that the disputes on this issue should be resolved peacefully through negotiations. If a settlement could not be reached at present, parties concerned can carry out joint exploitations on the islands, putting the disputes aside for the time being, he added. The minister does not see any crisis or danger of armed conflicts there.

At another point, Qian confirmed that China had built an airstrip on the Xisha [Paracel] Archipelago a few years ago with the aim of improving transportation on the islands. It has nothing to do with a military base.

As for the concerns expressed in some quarters over China's economic development and the strengthening of its military power, the foreign minister said China's military expenditure is relatively low both in terms of absolute value and in terms of per capita calculation. With 7.3 billion U.S. dollars military expenditure, the country cannot buy significant quantity of weaponry, not to say an aircraft carrier. He suspected the exaggerating rumors about so-called "China's threat" were forged with the aim of serving some industrial-military complexes.

Answering a question about his meeting with the U.S. Secretary of State Warren Christopher, Qian said this is their first, "get-to-know" meeting, and he wished it to be "practical, constructive and satisfactory to both sides" and give an impetus to the improvement of the relations between the two countries.

#### Meets ROK, Other Ministers

*OW2607030993 Beijing Central Television Program  
One Network in Mandarin 1400 GMT 25 Jul 93*

[From the "News" program]

[Text] Qian Qichen, Chinese vice premier of the State Council and foreign minister, who is currently attending the 26th ASEAN foreign ministers conference in Singapore, met with McKinnon, deputy prime minister and minister of external relations and trade of New Zealand, on the morning of 25 July. The two foreign ministers agreed that development of relations between China and New Zealand is smooth in general and that the potential

for economic and trade cooperation between the two countries is enormous. The two sides also exchanged views on some international issues.

On the afternoon of the same day, Qian Qichen met with Beatty, Canadian minister of external affairs. The two foreign ministers reviewed the development in recent years of the relations between China and Canada, and pledged that their governments will create necessary conditions for the further development of economic and trade cooperation between the two countries. Beatty said that China's economic development speed is amazing and that the potential of economic and trade cooperation between Canada and China is enormous. He said: The development of relations between China and ASEAN is encouraging. The Asia-Pacific region is becoming increasingly important to Canada, and developing relations with Asian countries is the focus of Canada's diplomatic work. Later in the day, Qian Qichen met with Evans, Australian minister of foreign affairs. The two foreign ministers exchanged views on regional situation. Both sides held that diversity in the Asia-Pacific region is very prominent, that conducting dialogue among all parties concerned is beneficial, and that regional economic prosperity and the strengthening of regional interdependent relations are the best assurance for the region's security.

On the afternoon of 24 July, Qian Qichen also met with Han Sung-chu, Republic of Korea's Minister of Foreign Affairs. The two sides unanimously affirmed the progress achieved during the recent U.S.-DPRK talks in Geneva. They said: Now that the DPRK has established contacts with the IAEA, the conditions for establishing contacts between the South and North sides of Korea are ripe. They hoped progress will be made during these contacts. Han Sung-chu also briefed Qian Qichen on the relations between the South and North sides of Korea and on the contacts between the two sides. He reiterated that the ROK will adhere to its one-China principle and said his country will not do anything in violation of this principle. Qian Qichen applauded the ROK's stance.

#### Talks With Warren Christopher

*OW2607014393 Beijing XINHUA Domestic Service in Chinese 1615 GMT 25 Jul 93*

[By reporter Cai Ximei (5591 6932 2734)]

[Text] Singapore, 25 Jul (XINHUA)—Qian Qichen, Chinese vice premier and foreign minister who has been visiting here to attend the 26th meeting of the foreign ministers of the Association of Southeast Asian Nations [ASEAN] and a meeting of dialogue between the ASEAN foreign ministers and other countries, met U.S. Secretary of State Christopher this afternoon. They expressed their hope that China and the United States will further improve and develop their bilateral relations.

This is the first meeting between the Chinese foreign minister and the U.S. secretary of state since the latter assumed his office.

During the meeting, Qian Qichen said: As two influential powers in the world, China and the United States shoulder important responsibilities for maintaining global peace and stability, so they should cooperate in a proper manner to this end. China welcomes President Clinton's recent indication to enhance Sino-U.S. relations.

Qian Qichen said: China and the United States should increase mutual exchanges, understanding, and cooperation, which is in the interest of the Chinese and American peoples, and which will have a positive impact on maintaining peace in the Asia-Pacific region and in the whole world. As far as pending problems between the two countries are concerned, the Chinese foreign minister emphasized that they should be resolved in the spirit of mutual respect, with consultation on an equal footing and seeking common ground while reserving differences. As President Clinton and the U.S. Government have pledged to respect the principles of the three joint communiques between China and the United States, he said: "So long as both sides scrupulously abide by the principles of these three joint communiques, we believe that Sino-U.S. relations will be further developed and improved through efforts by both countries. I personally am willing to work closely with Mr. Secretary of State for the realization of this goal."

Christopher said: The United States and China have identical views on many regional and global issues. Although there exist some points of differences, they can be resolved or reduced through negotiations. He said: Differences on a certain issue should not be allowed to affect the bilateral relations on the whole. A kind of constructive relationship should be established between the two countries. For a time to come, high ranking officials of the two sides will have a series of contacts for exchanging views on the bilateral relations.

During the meeting, Christopher reiterated that the U.S. side will respect the three joint communiques between the two countries, which he said constituted the cornerstone for U.S.-China relations.

In referring to the fact that the U.S. Congress is considering to amend the Taiwan Relations Act, Christopher said the U.S. Executive Branch had objected to that.

In a frank and sincere [tan cheng 0982 6134] atmosphere, the two sides also exchanged views on the economic and trade relations between the two countries, a total ban on nuclear tests, arms sales, illegal immigration, and other issues.

Among those who took part in the talks from the Chinese side were Qin Huasun, assistant foreign minister; Wu Jianmin, director of the Information Department of the Foreign Ministry; and Lu Shumin, deputy director of the Americas and Oceania Department of the Ministry.

From the U.S. side there were Frank Wisner, undersecretary of state for defense; Joan Spero, undersecretary

of state for economic and agricultural affairs; and Winston Lord, undersecretary of state for East Asian and Pacific affairs.

#### Meets Foreign Ministers

OW2507173093 Beijing XINHUA in English 1704  
GMT 25 Jul 93

[Text] Singapore, July 25 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen, who is here to attend the 26th ASEAN ministerial meeting as ASEAN's guest, met here today with the foreign ministers of New Zealand, Canada and Australia respectively.

In their talks, Qian and the New Zealand Minister of External Relations and Trade Donald McKinnon agreed that the successful visit to China by the Prime Minister of New Zealand Jim Bolger last May is instrumental to the development of relations between China and New Zealand. Donald McKinnon added that the rapid development of China's economy had deeply impressed the prime minister and there is great potential for the development of cooperation in economy and trade between the two countries.

In his meeting with the Canadian Secretary of External Relations Henry Beatty, Qian briefed his Canadian counterpart on Chinese domestic situation, saying that China has entered a period of rapid growth, and thus creating an opportunity for Sino-Canadian economic cooperation. The Canadian foreign minister responded by saying that China's economy is developing at a high speed and the potential for bilateral cooperation in trade and economy is enormous.

Qian exchanged views on the regional situation with Australian Minister for Foreign Affairs Gareth Evans. The two sides agreed that as diversity is a distinct character of the Asian and Pacific region, dialogue between various sides is helpful. Qian pointed out that the economic development of the Asian and Pacific nations has enhanced regional cooperation and further strengthened regional security as a result. Sharing Qian's point of view, Evans said economic prosperity enhanced mutual dependency among nations in the region and that is the best guarantee of regional security.

#### Attends Informal Dinner

OW2607045793 Beijing XINHUA in English 0303  
GMT 26 Jul 93

[Text] Singapore, July 25 (XINHUA)—ASEAN dialogue partners and the major players in the region have welcomed the ASEAN regional forum, which they regard as "an important and constructive initiative".

18-nation informal dinner last night is described as a landmark meeting as a multilateral body to discuss security issues.

A statement issued after the "informal dinner" said that this is the first time that the major players in the Asia-Pacific region have the opportunity to discuss such issues collectively.

The dinner was "a unique occasion and a significant milestone in ASEAN's efforts to promote dialogue on regional security," the statement said.

"The intention is to help build mutual confidence and preserve stability and growth in the Asia-Pacific by evolving a predictable and constructive pattern of relationships in the region", the statement said.

The dinner was hosted by Singaporean Foreign Minister Wong Kan Seng as chairman of the ASEAN Standing Committee.

At the dinner, Wong briefed the ministers about ASEAN's decision to invite them to join the ASEAN Regional Forum (ARF). He also invited China, Russia, Vietnam, Laos and Papua New Guinea to take part in the next meeting of senior officials of the ASEAN and dialogue countries.

Foreign ministers from ASEAN's six nations, seven dialogue partners and China, Russia, Vietnam, Laos and Papua New Guinea met at one table to talk on regional security.

Malaysian Foreign Minister Abdullah Badawi said that "the format is very successful. Everybody was very happy with it."

Thai foreign minister said the ministers also discussed what the Asia-Pacific region would look like in the next 10-15 years.

The Philippine foreign minister said "the fact that the U.S. and Vietnam were sitting side by side was significant in itself. [quotation marks as received]

According to a Chinese diplomat, Chinese Foreign Minister Qian Qichen appreciated ASEAN's effort for regional peace, stability and development and welcomed the new constructive initiative of the ARF.

Russian Foreign Minister Andrey Kozyrev described the informal dinner as an important beginning for discussion of security issues.

U.S. Secretary of State Warren Christopher said Russian participation in the talks marked "a new situation in the peaceful relationship between Russia and countries of the Pacific."

#### Leaves Singapore for Beijing

*OW2607073493 Beijing XINHUA in English 0721  
GMT 26 Jul 93*

[Text] Singapore, July 26 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen left here for home this morning after attending the 26th ASEAN

Ministerial Meeting (AMM) and the "informal dinner" on regional security and other related events.

Qian arrived here on July 21 for his two-day first official visit to the island country as foreign minister. He called on President Wee Kim Wee, Prime Minister Goh Chok Tong and Senior Minister Lee Kuan Yew and held talks with his Singapore counterpart Wong Kan Seng.

Then, he also attended the AMM's opening ceremony and other related events as ASEAN's guest.

The Chinese foreign minister held a meeting with six members of ASEAN, both sides hoped to promote bilateral relationship to a wider area.

Qian also met separately with the foreign ministers from Russia, Vietnam, Laos, New Zealand, Malaysia, Australia, South Korea, Papua New Guinea, Canada, the United States and Indonesia, exchanging views on bilateral relationships as well as international and regional issues of common interest.

At the bilateral meeting between Qian Qichen and the U.S. Secretary of State Warren Christopher yesterday, both sides agreed to develop and build up a constructive relationship between the two countries.

The other Chinese delegates left here with him by the same flight.

#### Arrives in Beijing

*OW2607085893 Beijing XINHUA in English 0849  
GMT 26 Jul 93*

[Text] Beijing, July 26 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen returned here this afternoon, after attending the 26th ministerial meeting of the ASEAN (Association of Southeast Asian Nations) and paying an official visit to Singapore.

Qian was met at the airport by Chinese Vice-Foreign Minister Yang Fuchang and diplomatic envoys in Beijing from ASEAN countries.

#### ASEAN Post Ministerial Conference Begins

*OW2607075893 Beijing XINHUA in English 0729  
GMT 26 Jul 93*

[Text] Singapore, July 26 (XINHUA)—The Association of Southeast Asian Nations (ASEAN) wants its relations with its dialogue partners to be aimed at developing frameworks and processes for consultations.

This was said by the chairman of the ASEAN Standing Committee and the Singaporean foreign affairs minister, Wong Kan Seng, in his opening statement at the ASEAN Post Ministerial Conference (PMC) this morning.

Attending the opening session today were foreign ministers and senior officials from the six members of

ASEAN—Brunei, Indonesia, Malaysia, Singapore, the Philippines and Thailand—and ASEAN's seven dialogue partners.

They are the United States, Canada, Australia, New Zealand, Japan, Republic of Korea and European Communities.

Wong said such a partnership would mean avenues for promoting areas of common interests, and when necessary for resolving differences.

"We should be developing a relationship among equals—a true partnership. It should be a partnership that does not only focus on shorter-term and narrow issues of functional cooperation and development assistance," he said, adding that the partnership should be forward-looking that seeks to strengthen peace and stability and economic growth in southeast Asia and in the larger Asia Pacific.

He said China will transform into an economic superpower within generations. It is in the Asia-Pacific's interest that China plays a constructive role in the region within a political and economic framework. Therefore, China should be given a stake in the system which will tie her future to the future of the rest of the Asia-Pacific, he said.

The region's peace and stability today depend not only on whether the United States continues to lead as she did in the past, it also depends on how the U.S. settles its relationships with other major powers in the region, such as China, Japan and Russia, he said.

Wong said one thing that had not changed in the past 20 years was the threat of nuclear proliferation to global security. "It is in our common interest and it is our common responsibility to prevent the spread of nuclear weapons."

After the seven dialogue partners' statements at the opening session, the 6+7 session transferred into close door meeting before ending on July 28.

#### Editorial Views PRC-ASEAN Relations

HK2407081093 Hong Kong TA KUNG PAO in Chinese  
23 Jul 93 p 2

[Editorial: "China Is Developing a Cooperative Relationship With ASEAN"]

[Text] Over the past few days, Qiao Shi, National People's Congress [NPC] Standing Committee chairman, and Qian Qichen, State Council vice premier and foreign minister, have been visiting the ASEAN countries. This shows that China attaches great importance to enhancing understanding, developing friendly relations, and strengthening economic cooperation with ASEAN countries. That two high-ranking Chinese leaders are visiting the same region at about the same time also proves that the Asia-Pacific region is undergoing new changes.

On 20 July, Qiao Shi left Beijing and arrived in Jakarta. From there, he will pay official visits to Malaysia, Singapore, Thailand, and the Philippines. His visits will last for three weeks.

What merits mention is that this is the first time that a Chinese NPC Standing Committee chairman has ever visited the ASEAN countries. In recent years, China's policy of opening up to the outside world and independent foreign policy of peace have won support and significantly boosted cooperation and exchanges with ASEAN countries in the economic, trade, tourism, investment, cultural, scientific, and technological fields. The volume of trade between China and the ASEAN countries reached \$8.46 billion in 1992, representing a 9.9 percent increase over the previous year. The ASEAN countries have become the fifth largest trading partner of China. This was indeed something inconceivable a decade ago.

Today, the ASEAN countries are vigorously developing their economies on the basis of their rapid progress with an eye to expanding regional cooperation and establishing a stable regional political and economic cooperation system. Never has this region been so active throughout the post-war years. Many experts, as well as economic and political leaders across the world, predict that the 21st century will be a new century for Asia in terms of economic development. The rapid development of ASEAN countries and other neighboring countries shows that this prediction will probably come true.

Qian Qichen has already arrived in Singapore and will participate in all relevant activities of the 26th ASEAN Foreign Ministers Conference, which opens today (23 July). This is the third time that Foreign Minister Qian Qichen has attended the once-a-year ASEAN Foreign Ministers Conference. He attended the conference in 1991 and 1992. This time, he is expected to discuss with the ASEAN foreign ministers the Sino-ASEAN relations as well as some international and regional issues of common concern.

A major topic for discussion at the current ASEAN Foreign Ministers Conference is the establishment of a security guarantee for the Asia-Pacific region in the post-Cold War period. Apart from the ASEAN Foreign Ministers Conference, the ASEAN-sponsored "Asia Regional Security and Cooperation Forum" is also being held at approximately the same time and is being attended by foreign ministers of the United States, Japan, Australia, New Zealand, ROK, and other major Asian countries. Foreign ministers of China, Russia, Vietnam, Laos, and Papua New Guinea will attend the forum and participate in its discussions as "distinguished guests" or "observers." An ASEAN official disclosed that as of next year, the forum is to be held simultaneously with the once-a-year enlarged ASEAN Foreign Ministers Conference and be attended by foreign ministers of some 18 countries, including foreign ministers of six ASEAN countries as well as foreign ministers of the United States, Japan, Australia, New

Zealand, Canada, ROK, China, Russia, Vietnam, Laos, and the EC chairman country.

In order to establish a security guarantee for the Asia-Pacific region, all countries concerned are being urged to hold sufficient consultations and cooperate with one another on an equal footing and make concerted efforts to safeguard peace and stability in the Asia-Pacific region. This conforms with the interests of all countries in the Asia-Pacific region. The security guarantee for the Asia-Pacific region is in fact a component of a new world political and economic order. To establish such a security guarantee, all countries concerned should first take actual action and make concerted efforts to safeguard the peaceful environment of the Asia-Pacific region on the basis of the Five Principles of Peaceful Coexistence or the Bandung Conference spirit, which was jointly formulated and advocated by the ASEAN countries and some other countries.

Now a few people in certain countries are accusing China of trying to "fill the vacuum" by pointing out that China is strengthening its coastal defense in the South China Sea. Where does such an impression come from? A few others are also warning that China's economy is developing too fast and that China will definitely pose a threat to its neighboring countries after it becomes an economic power. In a word, they are still countries which discriminate according to ideological differences. They have misrepresented China's stance. Since implementing the reform and opening up policies, the Chinese leaders and all relevant departments of China have time and again stressed that China is concentrating on domestic economic construction rather than seeking expansion to the outside world. Even after it becomes an economically developed country, China will never practice regional hegemony.

On the question of the South China Sea archipelago, China has made it clear that it is willing to shelve disputes over sovereignty and join all countries concerned in common exploration of the area. China's position on this issue has been understood and praised by the ASEAN countries.

Now the United States remains the only country that is constantly accusing China on issues like human rights violation and democratization and trying to bring pressure to bear. It has spread opinions harmful to China among ASEAN countries as well as other countries in the Asia-Pacific Region. Since the current ASEAN Foreign Ministers Conference has in fact taken Russia and China as targets when discussing the establishment of a security guarantee for the Asia-Pacific Region, Qian Qichen's attendance at the conference and participation in dialogues among the countries concerned will certainly be of vital importance. At any rate, it is good for foreign ministers of the 18 countries to gather together to exchange views on issues of common concern and hold frank discussions with one another. China has been sincerely committed to safeguarding peace in the Asia-Pacific region. China has proven its sincerity with each

passing day by continually making unreserved endeavors in this regard over the past many years. China deems itself open and aboveboard.

During their separate visits to Southeast Asia, Qiao Shi and Qian Qichen will reiterate China's principled stance of opening up, concentrating on domestic economic construction, adhering to a foreign policy of peace, and will hold dialogues with the countries concerned with an eye on enhancing understanding and expanding cooperation. China believes that its efforts will be understood and supported by more countries rather than wasted.

#### **Radio Discusses UN Withdrawal From Cambodia**

*BK2507134993 Beijing China Radio International in Cambodian 1030 GMT 25 Jul 93*

[Article: "The UN Peacekeeping Mission in Cambodia is Drawing to an End"]

[Text] UN Secretary General Ghali announced on 20 July that the United Nations has decided to begin withdrawing the 22,000 personnel of the UN Peacekeeping Force from Cambodia on 1 August. It is estimated that the withdrawal will be completed before 15 November. The 3,500 UN police personnel in Cambodia began to withdraw on 1 July.

Observers noted that this is a sign indicating that the UN peacekeeping mission in Cambodia, that began in March 1992, is drawing to an end. They were of the opinion that United Nations has begun this undertaking after the establishment of the Provisional National Government of Cambodia [PNGC].

Between April and June 1993, under UN auspices, Cambodia organized its first general elections for more than 20 years. After the general elections, the National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia [FUNCINPEC] Party, the Cambodian People's Party [CPP], and the Buddhist Liberal Democratic Party, which won the most votes, have set up the PNGC to stabilize Cambodia socially and politically.

During the past month and more, the various Cambodian parties have made all kinds of efforts to realize national reconciliation and unity and to lead Cambodia toward a durable peace. Throughout this process, the position of the party of Democratic Kampuchea [PDK] has drawn the most zealous attention from all sides. This party, which did not take part in the general elections but has quite a strong force, has employed a lively wait-and-see strategy after the general elections. The PDK stressed that it would not resort to subversive activities and even claimed that it would not seek any role in the PNGC and the future government. In addition, the PDK stressed that it supported His Royal Highness [HRH] Prince Norodom Sihanouk's position as the head of state.

This PDK's energetic attitude has been recognized by many sides. HRH Prince Norodom Sihanouk has said that the PDK remains a political party and it is therefore officially recognized by the prince head of state. Yasushi Akhshi, head of the UN Transitional Authority in Cambodia [UNTAC], also said that that UNTAC still regarded the PDK as a part of Cambodia's political life. Even the CPP, which has a great rancor against the PDK, has voiced opposition to any foreign attempt to banish the PDK from the peace process.

Through the above events, we can see that there are reasons for the United Nations to prepare the termination of its peace-keeping mission in Cambodia. However, people in general are also of the opinion that the conflict of the various Cambodian factions has not been totally resolved with the establishment of the PNGC. This is because this PNGC is just the fruit of the compromise reached by various Cambodian factions. In the future, a new conflict might arise regarding power-sharing and the drafting of the new constitution, particularly in regard to the question of how to resolve relations between the PNGC and the PDK. In addition to this, major Western countries are interfering in Cambodia's affairs and using the maneuver of banishing the PDK as a condition for aid to the future Cambodian Government. This is a factor barring Cambodian society from gaining stability.

For this reason, some people's concern over the Cambodian peace process is not entirely unreasonable.

### United States & Canada

**Rong Yiren Receives U.S. Businessman**  
*OW2407082793 Beijing XINHUA in English 0734  
GMT 24 Jul 93*

[Text] Beijing, July 24 (XINHUA)—Chinese Vice-President Rong Yiren met with Robert D. Hormats, vice-chairman of Goldman Sachs International of the United States, here today.

Rong, who had met with Hormats many times before he became vice-president earlier this year, called Hormats an old friend who has made many efforts to promote the development of Sino-U.S. economic relations.

Rong said that economic and trade co-operation between China and the U.S. is good but there is still untapped potential in some areas, such as financing.

He expressed the hope that the two countries would make joint efforts to further promote such co-operation. In addition, he said he hoped that Goldman Sachs, as one of the five top investment banks in the world, would strengthen co-operation with the Chinese side in finance and banking.

Hormats, who was assistant U.S. secretary of state before he joined Goldman Sachs in 1982, said he was impressed by the series of measures the Chinese Government has

taken in developing the country's economy. He believed that China's economy would maintain a relatively high growth rate.

Also, in terms of economic and trade co-operation, he said China is a good partner.

Hormats arrived here Thursday [22 July] on a four-day visit to China.

### CIA To Buy Back Missiles From Afghanistan

*OW2407225793 Beijing XINHUA in English 1541  
GMT 24 Jul 93*

[Text] Washington, July 24 (XINHUA)—The U.S. Central Intelligence Agency (CIA) will spend 55 million dollars in a new effort to buy back more than 300 Stinger antiaircraft missiles it gave to Afghan guerrillas in the 1980's, it was reported here today.

The effort reflects the agency's fear that it may be outbid by terrorists and hostile governments in the black market for the Stinger, according to THE NEW YORK TIMES.

"The Iranians have already captured or otherwise obtained some Stingers and continue to try to accumulate them," Edward Juchniewicz, former associate director of CIA for covert operations, was quoted as saying.

The Stinger is a lightweight, shoulder-carried, highly accurate antiaircraft missile considered the best weapon of its kind.

The CIA and the Pentagon secretly shipped nearly 1,000 Stingers to the Afghan rebels from 1986 to 1989 to fight against the Soviet-backed government. At least 300 are now unaccounted for, officials said.

Now the CIA fears that the missiles could be used against Americans.

The new effort to reclaim the missiles followed a 10 million-dollar effort that proved insufficient, the officials said.

The spending increase reflected the intensity of bidding for the weapons, they added.

### Article on U.S. Cancellation of SDI Program

*HK2307151593 Beijing GUANGMING RIBAO in  
Chinese 20 Jul 93 p 7*

[ "Focus" column by Feng Zhaoakui (7458 2507 1145):  
"SDI and Eureka" ]

[Text] In May, the Clinton administration formally announced the cancellation of the U.S. "star wars" program, almost 10 years after its birth. At about the same time, a new weapons research plan, the strategic ballistic missile defense plan (BMD), was unveiled.

If the Strategic Defense Initiative (SDI) was the product of the Cold War era, then BMD must be one of the post-Cold-War era. During the Cold War, SDI was intended to serve as a "shield" against possible massive Soviet strategic nuclear missile strikes. In the post-Cold-War era, BMD will be a "shield" against what the United States claims are possible strikes by "medium and small military powers" using the strategic nuclear missiles that are increasingly proliferating among these countries.

The proliferation of ballistic guided missiles and the increased likelihood of nuclear, chemical, and biological warheads are the "by-products" of the frenzied arms race between the United States and the former Soviet Union following World War II and represent the "heritage" of the Cold War. The United States is now trying to deal with nuclear proliferation, the heritage of the Cold War era, with BDM, which to a great extent is the heritage of SDI.

Of course, although the cancellation of SDI does not mean that the enormous "shield" will be locked up somewhere in a museum, the program has indeed been scaled down and cut drastically. Meanwhile, reports from Europe have indicated that the European ministers involved in scientific research have met and decided to increase research for the Eureka Project.

The West European states started the Eureka project in 1985 to counteract the U.S. SDI project. One of the important reasons why the West European countries decided to launch the Eureka project was the worry that the U.S. SDI, with its huge research funds, would "suck" away considerable amounts of West European scientific talent to the United States, and thus widen the technological gap between Europe and the United States. As is well known, one of the main causes of the United States' rapid post-war growth in military technology was its exploitation of the many distinguished European scientific brains who immigrated to the United States, in much the same way a victor exploits war trophies.

Although at a more fundamental level the project may carry the objective of military applications, overall, Eureka has been a nonmilitary research project which develops technology for civilian industries.

The 10-year old SDI is stillborn, while the eight-year old Eureka continues to grow. In a sense the contrast indicates that the center of contemporary international relations is really shifting toward economic realms, compelling countries—especially powers—around the world to cut their overly massive military technology research to some extent in order to devote themselves to sharpening the "sacred sword" of science and technology for the future extremely intense economic competition.

## Northeast Asia

### Hu Jintao Leaves for DPRK Celebrations

*OW2607051393 Beijing XINHUA in English 0441  
GMT 26 Jul 93*

[Text] Dandong, July 26 (XINHUA)—A Chinese party and government delegation led by Hu Jintao, Standing Committee member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), left here by train this morning for a goodwill visit to the Democratic People's Republic of Korea (DPRK).

Hu, who is also member of the Secretariat of the CPC Central Committee, and Chi Haotian, deputy leader of the delegation, member of the CPC Central Committee, state councillor and defense minister, and their party will also attend the celebrations for the 40th anniversary of the victory for the Korean liberation war at the invitation of the Korean Workers' Party Central Committee and the D.P.R.K. Government.

The delegation left Beijing on July 24. It was seen off at the Beijing Railway Station by Wen Jiabao, alternate member of the Political Bureau and member of the Secretariat, of the CPC Central Committee; Zeng Qing-hong, director of the General Office of the CPC Central Committee; Li Chengren, deputy head of the International Liaison Department of the CPC Central Committee; Yang Fuchang, vice-minister of foreign affairs; Xu Huizi, deputy chief of General Staff of the Chinese People's Liberation Army (PLA); and Xia Daosheng, deputy director of the Foreign Affairs Office under the State Council.

Also on hand was Choe Pong-chol, minister-counsellor of the D.P.R.K. Embassy in China.

During their stay in Dandong, Hu and Chi attended a ceremony to inaugurate the memorial hall of the War To Resist U.S. Aggression and Aid Korea.

The delegation was seen off at the Dandong Railway Station this morning by Quan Shuren, secretary of the Liaoning Provincial Party Committee and chairman of the standing committee of the provincial people's congress, Yue Qifeng, governor of Liaoning Province, Song Keda, political commissar of the PLA Shenyang Military Area Command, and party and government officials of Dandong City.

Pae Yong-chae, charge d'affaires ad interim of the Korean Embassy, made a special trip to Dandong to see the delegation off.

### Arrives in Pyongyang

*OW2607083293 Beijing XINHUA in English 0804  
GMT 26 Jul 93*

[Text] Pyongyang, July 26 (XINHUA)—A Chinese party and government delegation arrived here by special train

today for a four-day visit to the Democratic People's Republic of Korea (DPRK).

The delegation, led by Hu Jintao, Standing Committee member of the Political Bureau, and member of the Secretariat, of the Central Committee of the Communist Party of China (CPC), is expected to join celebrations of the 40th anniversary of the victory of the Korean Liberation War.

The visit by the delegation, with Defense Minister Chi Haotian, also member of the CPC Central Committee and state councillor, as its deputy head, is in response to an invitation from the Workers' Party of Korea and the DPRK Government.

Deputy Foreign Minister Tian Zengpei, deputy head of the CPC International Liaison Department Zhu Shang-qing and Deputy Director of the General Office of the CPC Central Committee Hu Guangbao are also members of the delegation.

They were greeted at the railway station by O Chin-u, minister of the People's Armed Forces and Presidium member of the Political Bureau of the Central Committee of the Worker's Party of Korea; Choe Kwang, member of the Political Bureau and chief of the General Staff of the Korean People's Army; and other top party leaders.

Waving national flags of the two countries and bouquets, over 1,000 local residents chanted "friendship," "unity" and "welcome" to greet the Chinese guests at the railway station.

### Lays Wreaths in Pyongyang

OW2607140293 Beijing XINHUA in English 1341  
GMT 26 Jul 93

[Text] Pyongyang, July 26 (XINHUA)—The visiting Chinese party and government delegation today laid wreaths at the Cemetery of Revolutionary Martyrs of the Democratic People's Republic of Korea (DPRK) and the Korea-China Friendship Tower (KCNA) [as received] in Pyongyang.

The Chinese delegation, led by Hu Jintao, Standing Committee member of the Chinese Communist Party Politburo, arrived here today for a four-day visit to DPRK. It is expected to join celebrations of the 40th anniversary of the victory of the Korean Liberation War.

### Deng, Jiang, Liu Inscribe for Korean War Hall

OW2507140893 Beijing XINHUA in English 1352  
GMT 25 Jul 93

[Text] Dandong, July 25 (XINHUA)—A grand ceremony was held here today to mark the opening of the newly-extended memorial hall of the War To Resist U.S. Aggression and Aid Korea and to mark the 40th anniversary of the war.

On a monument at the hall is carved an inscription penned by comrade Deng Xiaoping, which reads: The monument to resisting U.S. aggression and aiding Korea.

President Jiang Zemin, who is also general secretary of the Central Committee of the Communist Party of China (CPC), Premier Li Peng and Liu Huaqing, vice-chairman of the Central Military Commission, wrote inscriptions for the hall.

Hu Jintao, member of the Standing Committee of the Political Bureau of the CPC Central Committee, Chen Muhsa, vice-chairwoman of the Standing Committee of the National People's Congress, Chi Haotian, state councillor and minister of defence and Hong Xuezhi, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, attended the ceremony.

At the ceremony Hu Jintao said that "the war, which ended 40 years ago, left us an everlasting spiritual treasure which was, is and will be a spiritual force to encourage the Chinese people to work hard for the vigorous development of China."

Hu stressed that as the country embarks on the building of socialism with Chinese characteristics, it is necessary to carry forward the spirit of pioneering for the great cause initiated by President Jiang Zemin in the new historical period and the glorious traditions of patriotism and revolutionary heroism. He called on the whole party, the whole Army and the whole people to devote themselves to the cause of developing and protecting the socialist modernization drive and to the cause of promoting and safeguarding the unity of the motherland.

The memorial hall consists of three sections: a monument, a museum and a panorama hall, which, by using modern technology of light, painting, music and sculpture, presents the whole scene of a major battle of the war to resist U.S. aggression and aid Korea. The extension project started in October 1990.

Officials from liaoning provincial party committee and government and 4,000 people from the Dandong city attended the ceremony.

This afternoon, Hu Jintao, Chen Muhsa, Chi Haotian and Hong Xuezhi laid wreaths at the Dandong Cemetery of Martyrs Falling in the War.

Later, they met with representatives of veteran volunteers and some builders of the memorial hall.

### DPRK Official Receives CPC Delegation

OW2607033793 Beijing XINHUA Domestic Service in Chinese 1445 GMT 20 Jul 93

[By reporter Gao Haorong (7559 3185 2837)]

[Text] Pyongyang, 20 Jul (XINHUA)—Choe Tae-pok, secretary of the Secretariat of the Workers Party of

Korea [WPK] Central Committee, met a visiting delegation of the CPC officials here today. He said: As a socialist country, the Democratic People's Republic of Korea cherishes the friendly relations with China.

In referring to the preparations under way in the DPRK for a grand celebration of the 40th anniversary (on 27 July) of the victory of the Liberation War of the Motherland, Choe Tae-pok said: During the Korean war, the Chinese People's Volunteers shared weal and woe with, and even sacrificed their lives, for the Korean people. With the meritorious deeds the Chinese People's Volunteers performed, they have set good examples of internationalism. The Korean people shall forever remember them.

Choe Tae-pok also spoke highly of the tremendous achievements made by the Chinese people under the CPC leadership in realizing unity and stability and building socialism.

The CPC delegation, led by Shu Huaide, secretary general of the Political and Legal Commission of the CPC Central Committee, arrived in Pyongyang on 19 July.

#### **Former People's Volunteers Leave for DPRK**

*OW2407083293 Beijing XINHUA in English 0747  
GMT 24 Jul 93*

[Text] Beijing, July 24 (XINHUA)—A delegation composed of former Chinese People's Volunteers left here by air today for the Democratic People's Republic of Korea (DPRK).

Headed by Lieutenant General Liu Anyuan, political commissar of Nanjing Military Region of the People's Liberation Army, the delegation will attend celebrations marking the 40th anniversary of "the victory of the Liberation War of the Motherland" and pay a goodwill visit to the DPRK at the invitation of the country's Ministry of the People's Armed Forces.

#### **Jilin Hosts Delegation of Chinese From DPRK**

*SK2607040293 Changchun JILIN RIBAO in Chinese  
30 Jun 93 p 1*

[Text] This evening, Vice Governor Wang Guofa met with the Chagang Provincial Overseas Chinese visiting group led by Mr. Zhou Jingtao, chairman of the Chagang Provincial Overseas Chinese Federation of the DPRK.

On behalf of the provincial party committee and the provincial government, Vice Governor Wang Guofa extended a warm welcome to the visiting group. In a speech, he spoke highly of the broad masses of Overseas Chinese living in the DPRK for their important contributions to the war to resist U.S. aggression and aid Korea, and the Overseas Chinese returned from the DPRK for their contributions to the socialist construction. After briefing on our province's excellent situation in reform and opening up, Wang Guofa expressed hope that the broad masses of Overseas Chinese living in the

DPRK will strengthen mutual understanding through multilayered and multichannelled contacts.

Mr. Zhou Jingtao, leader of the visiting delegation also gave an ebullient speech. He was very pleased with our province's achievements in reform and opening up and expressed that he would contribute to the socialist cause of the motherland with the will of a man residing far away from home.

Responsible comrades of the United Front Work Department of the provincial party committee, the provincial Foreign Affairs Office of the provincial government, and the provincial Federation of Returned Overseas Chinese also attended the meeting.

#### **Liaoning Government Delegation Visits DPRK**

*SK2407033293 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 23 Jul 93*

[Text] At the invitation of North Pyongan Province of the DPRK, the Liaoning provincial friendship delegation headed by Xiao Zuofu, vice governor of the Liaoning Provincial Government, left Dandong city for Sinuiju of the DPRK to start a friendly visit to the DPRK on 23 July. This delegation will also participate in the activities in celebration of the 40th anniversary of the victory in the Fatherland Liberation War in the DPRK.

#### **Li Lanqing, ROK Minister Sign Postal Accord**

*OW2407111493 Beijing XINHUA in English 1058  
GMT 24 Jul 93*

[Text] Beijing, July 24 (XINHUA)—Chinese Vice-Premier Li Lanqing exchanged views with Yun Tong-yun, visiting minister of communications of the Republic of Korea (ROK), on bilateral cooperation in telecommunications here this afternoon.

After the meeting, Wu Jichuan, Chinese minister of posts and telecommunications, and Yun signed an agreement on the cooperation in the fields of posts and telecommunications between the two governments.

The two ministers have held talks in a sincere and friendly atmosphere on a series of issues related to the enhancement of business links in communications and technical cooperation as well as personnel exchanges between the two countries.

Yun and his party arrived here July 22 on a seven-day visit to China as guest of the Chinese Ministry of Posts and Telecommunications. While in Beijing, the ROK guests visited posts and telecommunications facilities.

They are expected to attend two opening ceremonies in Weihai city of East China's Shandong Province, respectively for the China-ROK direct satellite circuit, and for the joint-invested production line of the program-controlled exchanges to be used in rural areas.

**Liu Shuqing Meets Visiting ROK Dignitary**  
*OW2407142093 Beijing XINHUA in English 1301  
GMT 24 Jul 93*

[Text] Beijing, July 24 (XINHUA)—Liu Shuqing, president of the Chinese People's Institute of Foreign Affairs, met here this afternoon with Director of the Korea Foundation from the Republic of Korea Son Chu-hwan and his party.

The two sides exchanged views on cultural exchanges and educational cooperation between the two countries, as well as other issues of common interest.

**Hebei Governor Meets ROK Investigation Group**  
*SK2407055493 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 23 Jul 93*

[Text] On the afternoon of 23 July at the meeting hall of the provincial foreign affairs office, Ye Liansong, governor of the provincial government, cordially met with the investigation group headed by Mr. (An Tongje), chairman of the [words indistinct] committee under the National Assembly of the ROK.

The investigation group will talk with [words indistinct] District of Shijiazhuang city on economic cooperation and will hold talks with Tangshan city on the issue of establishing friendship ties between Tangshan and the ROK's Pusan.

Ye Liansong introduced to the guests Hebei's geographic positions, natural resources, and industrial production situation. He said that increasingly more Korean and foreign friends will be welcomed to make investment in Hebei.

Mr. (An Tongje) spoke highly of Hebei's achievements in various spheres and [words indistinct].

**Group Hosts Afforestation Forum With Japanese**  
*OW2407082993 Beijing XINHUA in English 0746  
GMT 24 Jul 93*

[Text] Beijing, July 24 (XINHUA)—A group of Chinese and Japanese experts attended a seminar on sand control and afforestation here today.

Chai Zemin, vice-president of the Green China Fund, and Hideo Ichiriki, board director of the "ASAHI SHIMBUN" newspaper of Japan, addressed the forum.

The Forest Culture Association of the ASAHI SHIMBUN and another two Japanese organizations jointly donated more than 1.5 million Japanese yen to the Green China Fund at the meeting to help China's afforestation work.

The Japanese guests are scheduled to plant trees in the suburbs of Beijing.

**Japanese TV Interviews Guangdong Governor**  
*HK2407070093 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 20 Jul 93*

[Text] Yesterday morning, Governor Zhu Senlin was interviewed in the Guangdong Provincial Government's Yinbin Room by the crew of the program "The Chinese Economy Is Developing by Leap and Bounds," produced by Japan's NHK.

When asked by the reporter about the relationship between Guangdong's economic development and Hong Kong, and Hong Kong's role in Guangdong's economic development after 1997, Governor Zhu Senlin replied: Over the past decade or so that Guangdong has implemented reform and opening up, Hong Kong has played a very good role in the economic development of the mainland, particularly in Guangdong's economic development. Guangdong and the mainland have made positive contributions to the prosperity of Hong Kong. After China resumes its sovereignty over Hong Kong in 1997, the relationship between Guangdong and Hong Kong will be one between a province and a brotherly zone. Guangdong will utilize Hong Kong in a better way to carry out foreign trade and transportation activities and treat Hong Kong as a link to attract foreign capital, technology, and experience of business management.

The reporter asked: As the Chinese Government is now implementing a financial retrenchment policy, what are the effects on Guangdong Province and what measures will Guangdong take to overcome the difficulties? Governor Zhu Senlin pointed out: Now, the central authorities have pointed out that strengthening macroscopic regulation, grasping well the two aspects of credit and money supply, and readjusting the structure of fund investment is in no way an overall retrenchment, but a readjustment. Guangdong Province is conscientiously implementing the central authorities' policy decisions on macroscopic financial regulation, conscientiously rectifying the financial order, striving to do well in fund investment and, at the same time, continues to insist on reform and opening up and promote the development of economic construction in a fast and good manner.

**Southeast Asia & Pacific**

**Qiao Shi Leaves Indonesia for Malaysia 25 Jul**  
*OW2507101993 Beijing XINHUA in English 0955  
GMT 25 Jul 93*

[Text] Denpasar, Indonesia, July 25 (XINHUA)—Qiao Shi, chairman of the Standing Committee of China's National People's Congress (NPC), left Bali island for Malaysia this morning at the end of his visit to Indonesia.

Tati Sumiyati Darsoyo, chairwoman of the Foreign Cooperation Committee of Indonesia's Parliament, bade good-bye to Qiao at the airport.

Before leaving Indonesia, Qiao sent a message to Wahono, chairman of the People's Consultative Assembly and speaker of the House of Representatives of Indonesia, to express his gratitude for the warm welcome and reception accorded to him during his stay.

Qiao said in the message that he was happy to have exchanged views and reached "extensive" consensus with Indonesian President Suharto and Wahono on strengthening cooperation between the two parliaments, promoting closer ties between the two countries and the two peoples as well as on regional and international issues of common concern.

Indonesia was the first leg of Qiao's current tour of five members of the Association of Southeast Asian Nations (ASEAN), which will also take him to Malaysia, the Philippines, Thailand and Singapore.

#### Arrives in Kuala Lumpur

*OW2507102593 Beijing XINHUA in English 1007  
GMT 25 Jul 93*

[Text] Kuala Lumpur, July 25 (XINHUA)—Qiao Shi, chairman of the Standing Committee of the National People's Congress of China arrived here from Indonesia today for a five-day official visit.

Qiao Shi was greeted at the airport by speaker of the House of Representatives of Malaysia, Mohamed Zahir Ismail, deputy speakers Ong Tee Keat and Juhar Mahiruddin [spelling of names as received], and some other dignitaries.

Young Malaysians and a young girl from the Chinese Embassy presented Qiao with orchid garlands, symbol of warm welcome in the local rituals.

In a written statement distributed at the airport, Qiao said that he was happy that bilateral exchanges had become frequent and bilateral parliamentary cooperation closer.

He said he hoped that his visit would help build "even closer good-neighborly" relations between the two countries and enhance bilateral parliamentary cooperation.

Qiao is to hold talks with his Malaysian counterpart and Prime Minister Mahathir.

He will also visit Sarawak, the largest state in East Malaysia, and some economic projects.

This is the second leg of Qiao's five-nation Southeast Asia tour. He has already visited Indonesia. After Malaysia, the Chinese parliament leader will proceed to Singapore, Thailand and the Philippines.

#### Li Tieying Discusses Economy in Philippines

*OW2307142593 Beijing XINHUA in English 1407  
GMT 23 Jul 93*

[Text] Manila, July 23 (XINHUA)—Visiting Chinese State Councilor Li Tieying said today that China will not resort to stringent policies to cure the country's economic problems.

"We shall never return to the stringent policies or the old planning," said Li, who is also the minister of the State Commission on Restructuring Economic System, in an interview.

Li is in the Philippines on a five-day research mission to get first-hand knowledge of the country's economic reform effort.

The state councilor admitted that the Chinese economy is now experiencing some problems. "Some of the problems are quite serious," he said.

Major problems, according to him, include the oversized money input and circulation and the too fast infrastructure investment expansion, which in turn have led to a high inflation rate. Yet he denied an overall overheating of the economy.

"These problems are understandable and some of them are unavoidable during our transition from an old planning economic system to a new market one," he said.

"Our only way out is to speed up the economic reform to finalize the establishment of an efficient macro-adjustment mechanism and a socialist market economic system," he added.

Despite these difficulties, he stressed, the overall economic situation in China remains quite encouraging.

In the first half of this year, he said, the country's gross national product increased by 13 percent with the industry sector surging up by 25.1 percent and the summer crops promising a good harvest.

Despite the inflation, he said, the average real income of urban residents increased by 13 percent in the first semester while that of rural residents rose by seven percent.

Whatever the difficulties, "our 15-year reform experience has told us that there would be no further development without further reform," the state councilor stressed.

#### Luo Gan Leads Government Delegation to Vanuatu

*OW2507131793 Beijing XINHUA in English 1258  
GMT 25 Jul 93*

[Text] Port Vila, July 25 (XINHUA)—The Chinese Government delegation led by State Councillor Luo Gan arrived here this evening for a week-long visit to the

South-Pacific island nation in a bid to increase bilateral relations between China and Vanuatu.

During his stay here, Luo, who is also secretary-general of the State Council, will meet Vanuatu President Frederick Karlomuana Timakata, Prime Minister Maxime Carlot and Speaker Alfred Maseng as well as other government officials for talks on bilateral ties and issues of common interest.

Luo will attend the opening ceremony of parliament house and the ceremony marking the July 30 independence day of the country.

An agreement on China's offering loans to Vanuatu will also be signed during his visit.

Vanuatu is Luo's first leg of his South-Pacific trip, which will also bring him to Marshall Islands and Micronesia.

#### Attends Parliament House Event

OW2607101693 Beijing XINHUA in English 0744  
GMT 26 Jul 93

[Text] Port Vila, July 26 (XINHUA)—A grand ceremony was held here today to mark the official opening of the new Parliament House.

The ceremony was presided over by President Frederick Karlomuana Timakata and was attended by Prime Minister Maxime Carlot Korman and Speaker Alfred Maseng as well as all the government ministers and parliamentarians.

In his speech at the ceremony, the Vanuatu president described the parliament house as a "magnificent building."

The Parliament House, which boasts the largest parliament house among the South Pacific island nations, was assisted by the Chinese Government.

The building would "remain as a proud reminder for generations of Ni-Vanuatu to come, of the close links of friendship and affection" that exist between the Vanuatu and the Chinese peoples, the president said.

He also expressed his thanks to the Chinese Government and people for "their spontaneous generosity which has allowed us the opportunity of erecting this splendid building."

The Chinese Government delegation led by Luo Gan, state councillor and secretary-general of the State Council, who is now on a week-long visit to the South Pacific nation, attended the ceremony.

Chatting with the president, Luo said that the Parliament House is the "result of bilateral cooperation" between the two countries.

He hoped the relations between China and Vanuatu would further develop on the existing basis.

Also attending the ceremony were distinguished guests from other South Pacific nations.

#### Yunnan Congress Leader Meets Thai Delegation

HK2607023593 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 20 Jul 93

[Text] Yesterday morning, Yin Jun, chairman of the provincial people's congress standing committee, met in Jinghua Hotel with a Thai parliamentary delegation headed by Thawin Phraison, second deputy speaker of the House of Representatives, and figures from industrial and commercial circles.

Yin Jun said: Over the past few years, contacts between the Chinese and Thai sides in various fields have been constantly increasing, and the cooperative relationship has been developing rapidly. I believe that this visit paid by Mr. Deputy Speaker will further promote the friendly and cooperative relationship between the two sides.

Deputy Speaker Thawin Phraison said: The Thai people set great store by the friendly sentiments between China and Thailand. A group of figures from industrial and commercial circles have joined me in this visit, and, through visits and observations, they have concluded that they are interested in investing in Yunnan.

Li Shuji, vice chairman of the provincial people's congress standing committee; Huang Bingsheng, vice governor; and leaders from concerned provincial departments attended the meeting.

#### Near East & South Asia

##### 'Arafat Stops in Beijing on Way to Pyongyang

OW2607084693 Beijing XINHUA in English 0816  
GMT 26 Jul 93

[Text] Beijing, July 26 (XINHUA)—President Yasir 'Arafat of the Palestine state stopped over at Beijing airport here on his way to Pyongyang today.

He was greeted and seen off by Chinese Vice-Foreign Minister Yang Fuchang at the airport.

'Arafat, also chairman of the executive committee of the Palestine Liberation Organization, gave an account of the latest progress made in the Middle-East peace talks and exchanged views with Yang on the situation in the Middle East, according to Foreign Ministry sources.

#### CPC Party School Delegation Meets Syrian

OW2607034493 Beijing XINHUA Domestic Service in Chinese 1523 GMT 20 Jul 93

[Report by Wang Genbao (3769 2704 1405)]

[Text] Damascus, 20 Jul (XINHUA)—'Abdallah al-Ahmar, assistant secretary general of the national leading organ of Syria's ruling Ba'th Party, today met

here with a delegation of the CPC Central Party School headed by the school's deputy secretary general Fu Xianbin.

Al-Ahmar said he hoped the friendly relations between China and Syria and between the two parties of the two countries would be further strengthened, and wished China would make greater achievements in economic construction.

Al-Ahmar also gave a detailed briefing to the Chinese delegation on the current situation in the Middle East and on Syria's stand on the Middle East peace talks.

The Chinese delegation arrived in Syria on 14 July for a visit. During its stay in Syria, the delegation held talks with leaders of Ba'th Party's Higher Political Institute and visited al-Qunaytirah and al-Ladhiqiyah.

#### CPC Envoy Tian Fengshan Leaves for Tunisia

*OW2607075793 Beijing XINHUA in English 0651  
GMT 26 Jul 93*

[Text] Beijing, July 26 (XINHUA)—Tian Fengshan, a representative of the Communist Party of China (CPC), alternate member of the CPC Central Committee and deputy secretary of the CPC Heilongjiang Provincial Committee, left here today for Tunisia.

Tian and his party have been invited to attend the Second Congress of the Democratic Constitutional Assembly Party and visit the Palestine National Liberation Movement (al-Fatah).

Li Chengren, deputy head of the International Liaison Department of the CPC Central Committee, was among those who saw Tian and his party off at the airport.

#### West Europe

##### Wei Jianxing Meets Spanish Communist Delegation

*OW2407122393 Beijing XINHUA in English 1122  
GMT 24 Jul 93*

[Text] Beijing, July 24 (XINHUA)—Wei Jianxing, member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), met with a delegation from the Spanish Communist Party here this afternoon.

Wei, also member of the Secretariat of the CPC Central Committee, welcomed the delegation headed by Maria Angeles Mafstro Martin, Standing Committee member of the Political Committee of the Spanish Communist Party and member of the Congress of Deputies.

Wei briefed them on China's present economic situation and the construction of a clean and honest government.

Maria said that her delegation has, during the visit, witnessed the vitality in China's reform and opening to

the outside world, adding that she was convinced that the Chinese people will surely realize its grand goal of development.

After their arrival here on July 16 at the invitation of the CPC, they met with Li Shuzheng, alternate member of the CPC Central Committee and head of the International Liaison Department of the CPC Central Committee, and attended a dinner hosted by Li in their honor.

Zhu Shanqing, deputy head of the host department, held talks with Maria.

#### British Aerospace To Send Team to Crash Site

*OW2407141993 Beijing XINHUA in English 1327  
GMT 24 Jul 93*

[Text] London, July 24 (XINHUA)—British Aerospace Company announced today it would send investigators to the site in China where its BAe 146 plane crashed killing 59 people on Friday [23 July].

"We have no idea about the nature of the incident or what may have caused it," a British Aerospace spokesman was quoted by local media as saying.

"Clearly we are going to be sending people to find out what happened, initially from our team already based in China," he said. "We will be keen to find out what caused this crash."

Fifty-nine people, including a Briton, were killed when a Northwest Airlines plane carrying 108 passengers and five crew members, crashed as it was taking off from the airport in Yinchuan, capital of the Ningxia Hui Autonomous Region.

The airplane, a British Aerospace 146, ran off the runway into a lake and broke apart.

#### XINHUA Discusses John Major's 'Challenge'

*OW2507124893 Beijing XINHUA in English 1217  
GMT 25 Jul 93*

[Text] London, July 25 (XINHUA)—Although he won a crucial confidence vote Friday [23 July] on the Maastricht Treaty, British Prime Minister John Major still faces leadership challenges.

A public opinion poll conducted for THE SUNDAY TIMES showed that only one in two conservative members of Parliament believes that Major will lead the party at the next general election.

Cabinet ministers quoted in the press say that Major strengthened his authority by standing off the Tory Euro-rebels against the Maastricht Treaty, but according to the poll, if a general election were held now, the Conservatives would trail the Labour Party by 10 points. It puts Labour at 44 per cent, the Tories at 34 per cent and Liberal Democrats at 18 per cent.

The prime minister's next challenge is a parliamentary by-election to be held on Thursday in the southern town of Christchurch. Although historically this has been one of the party's safest seats, opinion polls predict that voters, unconvinced that the economy has turned the corner, are about to elect a Labour candidate.

This would mean that Major, whose level of support has sunk to the lowest level since opinion polls began, would see his 18-vote parliamentary majority shrink to 17.

Conservatives have lost every by-election held since Major became prime minister in 1990, and some Tory MPs expect Major to be faced with a leadership challenge within the party as early as November if he fails to restore his authority.

Others say there will be no move against him until after the European parliamentary election next June—unless Thursday's election at Christchurch goes badly for the Tories. Then back-bench MPs may well organize for a leadership challenge.

**Political & Social****Paper Views Deng's Health, Says Li Peng Not To Be Removed**

HK2607063093 Hong Kong LIEN HO PAO in Chinese  
26 Jul 93 p 2

[“Special article” by staff reporter: “Deng Xiaoping Puts Off Going to Beidaihe”]

[Text] At this time every summer, Beidaihe is already crowded with high-ranking officials. The place looks deserted this summer, however, for the important officials in Beijing have not yet made the move.

According to sources in Beijing, Beijing's top leadership has put off going and handling official business in Beidaihe this year using the excuse that Beijing is extraordinarily cool and rainy these days, with daily temperatures only reaching 27-28 degrees centigrade. As the sweltering summer weather has not yet arrived, there is no need to rush to the summer resort of Beidaihe.

**Sources Consider Overseas Reports of Deng Xiaoping's Critical Condition Groundless**

According to sources, however, the real reason why high-ranking central officials did not dare to rush to the seaside this summer is that Deng Xiaoping is still in Beijing. If he stays put, no one seems bold enough to make a move without him.

Sources in Beijing consider the widespread overseas rumors on Deng Xiaoping's critical condition—and even his death—groundless, believing that those who are spreading the rumor have ulterior motives.

It has been learned that, due to his old age, Deng's physical condition is getting worse with every passing year. He did not, however, fall seriously ill or undergo any surgery during the recent past. His eldest son, Deng Pufang, has been seen on many occasions recently, and he shows no sign of worry or anxiety.

Yet, no one can figure out why Deng Xiaoping is putting off the trip to Beidaihe. Deng's Xishan Villa in Beidaihe has been tidied up and the Central Guards Bureau and the Navy have already made security arrangements, but they have not received any notices on whether Deng will or will not come to Beidaihe.

Without waiting for Deng, a number of “veteran comrades” have already taken the lead and settled themselves down on the beach of Beidaihe. Meanwhile, according to usual practice, some departments, including the Central Commission for Discipline Inspection and the Ministry of Supervision have also called meetings in Beidaihe so that the “veteran comrades” who have already arrived can attend as observers.

At a time when rumors are flying that Zhu Rongji is to take over Li Peng's position in the near future, Premier Li Peng has stepped up his efforts to give his name wider

exposure in the mass media, aiming to keep people from forgetting his presence. Recently, he has been seen to write inscriptions for a number of activities, write a letter to the work conference on institutional reform, and sign several State Council decrees. All these are aimed to show that he is still working and holding fast to his position.

Analyses show that, judging by Deng Xiaoping's instruction calling for a stabilized leading body, no changes will be made in Li Peng's position in the near future, and he will fade away only when he cannot find a way to take charge of any work. Unless Li Peng insists on resigning his office, no personnel changes will possibly be made until the Third Plenary Session of the 14th CPC Central Committee at the end of this year. So far, there is no sign that Li Peng intends to turn in his resignation; on the contrary, indications have shown that he tends to wait for the opportune moment to go into action.

Despite speculations on movement in Beijing's political circles that are spreading like wildfire, Beijing is as quiet as stagnant water, except for the meetings that are being held one after another. Many departments are unoccupied these days, waiting to see the effects of the moves that the central authorities have taken as well as the next move they are going to make in this game of chess.

Only two departments were fully occupied recently, one being the State Commission for Restructuring Economic System led by Li Tieying and the other being the State Planning Commission led by Chen Jinhua. Entrusted by Jiang Zemin, head of the CPC Central Committee Financial and Trade Group, as well as Vice Premier Zhu Rongji, the two departments are required to bring out a reform program on the monetary system, investment, finance and taxation, agriculture, and state-owned large and medium enterprises. To fulfill their task, the two departments must exert themselves in the intense heat of summer.

**Deng Reportedly To Skip Beidaihe Visit**

HK2407034093 Hong Kong THE STANDARD in English 24 Jul 93 pp 1, 5

[Report by China editor Terry Cheng]

[Text] China's paramount leader Deng Xiaoping will not visit the summer resort of Beidaihe this year due to objection by his family members, an informed source says. The objection is understood to be based on concern for his failing health.

In the past several days, rumours were ripe that Deng, who turns 89 on 22 August, was very ill or even dead. Early this month, the Japanese newspaper YOMIURI SHIMBUN reported that Deng had undergone surgery for testicular cancer.

TIME magazine in its latest issue reported “the buzz of Hong Kong's diplomatic circles was that Deng had

returned home from the hospital but was 'not expected to live more than one month', as an envoy put it".

Chinese officials denied the surgery and Deng's failing health, saying he was "fine".

One explanation, put forward by Cheng Siyuan, vice-chairman of the National People's Congress, for Deng's good health is that "he often goes swimming".

In recent years, Deng used to go swimming at the beach in Beidaihe, a scenic resort near Beijing where other Chinese leaders often go swimming.

Early last week, a visiting city official of Qinhuangdao whose jurisdiction covers Beihaihe, said in Hong Kong that Deng had not yet gone to the resort this year.

An informed source told THE STANDARD yesterday that although Deng was not planning to visit Beihaihe this year because of family member objections, his health was not in critical condition.

Another source said Deng, who in the past began his Beidaihe holiday in mid-July, could not go this year because he was not fit enough to swim.

Chinese analysts said there were no indications in China that pointed to death or that Deng was in a critical condition.

#### Deng Xiaoping Writes Inscription for Yangpu Bridge

OW2407141293 Beijing XINHUA in English 1250  
GMT 24 Jul 93

[Text] Shanghai, July 24 (XINHUA)—Deng Xiaoping has written an inscription for the Yangpu Bridge to be completed over the Huangpu River in Shanghai, according a local official here today.

Each character of the inscription, which will be placed on the bridge, will be three meters wide, the official said.

The Yangpu Bridge, a suspension bridge with a span of 602 meters, will be the longest of its kind in the world.

#### Fu Shenqi Sentenced To Reform Through Labor

HK2407064093 Hong Kong MING PAO in Chinese  
24 Jul 93 p7

[Special dispatch: "Innocent Fu Shenqi Is Sentenced to Three Years' Reform Through Labor"]

[Text] Sources in Shanghai said that Li Liping, wife of Shanghai dissident Fu Shenqi, wrote a letter the other day to the authorities concerned, protesting against the three-year reform-through-labor sentence meted out to her husband and demanding that the authorities conduct a reinvestigation of Fu's case. In a related development, four other Shanghai dissidents have testified that Fu

Shenqi had nothing to do with a hunger strike they had planned. Li Liping enclosed the testimony in her letter to the authorities.

Sources quoted Li Liping as saying that she has been kept in the dark as to where Fu Shenqi is undergoing reform through labor and has not been told about any official reform-through-labor decision. As a result, she cannot apply for permission to visit her husband. A few days ago, she visited Shanghai's Nanshi District Public Security Bureau, which is supposed to have signed a reform-through-labor notification, to inquire about the situation, but was turned away by the guards.

The 40-year-old Fu Shenqi was arrested on the street on the evening of 26 June. Early this month, his wife was told that he had been sentenced to three years' reform through labor and that a reform-through-labor notification had been issued on 4 July. The public security personnel told her that Fu Shenqi's crime is threefold: Instigating Zhang Xianliang (Shanghai-based democracy activist) to make trouble; instigating four dissidents to go on a hunger strike; disclosing information to the overseas media.

Li Liping pointed out that all these are trumped-up charges. Fu Shenqi was not involved in the case of Zhang Xianliang, who wrote a letter to the National People's Congress complaining about the illegal detention of Shanghai citizen Huang Miaogen in a psychiatric hospital, and the case of Bao Ge and three other dissidents, who had planned a hunger strike in support of Zhang Xianliang. Bao Ge and three others have written their testimony, hoping that the authorities will conduct a reinvestigation of Fu's case.

Last Saturday, Li Liping sent a letter of appeal to the authorities concerned, calling for a reinvestigation of Fu Shenqi's case.

#### Reports of Wang Juntao Paying Medical Costs Denied

OW2407152593 Beijing XINHUA in English 1501  
GMT 24 Jul 93

[Text] Beijing, July 24 (XINHUA)—The report that authorities are forcing the parents of prisoner Wang Juntao to pay high hospitalization costs for their son is a "totally groundless" fabrication, according to judicial authorities here today.

A report by a Beijing-based correspondent of a Western wire service on July 18 said that the mother of Wang Juntao, who is currently serving his prison term, has issued an urgent appeal to solicit donations to pay extremely high hospitalization costs that authorities have forced her to pay for her son. The report was reprinted in a number of overseas newspapers.

Judicial authorities told XINHUA that under Chinese law, prisoners enjoy the right of free medical care. Judicial authorities abide by the law and guarantee this

right of offenders. No prisoners have ever been asked to pay for their medical costs, with Wang Juntao being no exception.

An official in charge of arranging hospitalization for Wang said that before being sent to prison, he had suffered from hepatitis.

While Wang serves his prison term, prison authorities give him regular physical check-ups, he said. To enable Wang to enjoy better treatment, not long ago prison authorities, in the spirit of humanitarianism, sent him to a better-equipped hospital outside the prison and paid the hospital 10,000 yuan (about 1,750 U.S. dollars) in advance.

He said that Wang is currently still receiving treatment in the hospital, which has never asked for settlement of Wang's medical costs. Neither Wang nor his family has ever paid a single cent for his medical costs, the official added.

Moreover, judicial authorities have never asked Wang or his family to pay a single cent for his medical costs, he said.

Both Wang and his family are "very clear" about that. The official repudiated as "totally groundless" the report that Wang's medical costs "are all paid by his parents" and that "authorities are forcing Wang Juntao's family to pay 5,000 to 6,000 yuan a month for his hospitalization and medical costs."

The official said that it is not the first time and it will not be the last time that a number of people and overseas media fabricate reports and spread lies.

He noted that despite the fact that out of humanitarian concerns, Chinese authorities have arranged proper medical treatment for Wang and have paid a big sum of money for his medical costs, these people still have fabricated the report that judicial authorities are forcing Wang and his family to pay.

"This serves to expose once again the ulterior political motive of liars," he said.

#### Fujian's Illegals Expected To Be Released Soon

HK2407052493 Hong Kong TA KUNG PAO in Chinese  
24 Jul 93 p 2

[“Special dispatch”: “Three Hundred and Forty-Seven Illegal Immigrants Are Expected To Be Allowed To Go Home in One Week After Preliminary Hearing Which Started Yesterday In Changle County”]

[Text] Changle, 23 Jul (TA KUNG PO)—The 347 illegal emigrants from Fujian's Changle County repatriated from Mexico not long ago have all undergone preliminary hearing by the county police today. It was estimated that around 95 percent of the batch of illegal emigrants would be allowed to go home in one week after receiving

education in the legal system and paying fines according to their situation by the county police, the reporter learned here.

According to a briefing by a responsible person of the Changle County police, the 347 illegal emigrants from Changle had arrived in Xiamen international airport in three batches on 19, 20 and 21 July, and were taken back to Changle, with the 16 female illegal emigrants all held at the county custody station. Through preliminary hearings, it was learned that all the illegal emigrants had boarded some vessels in three batches on 13, 15 May, and 2 June, destined for the United States under the plotting and organization of some "ringleaders" outside the border; two batches of them boarded vessels from Guangdong's Taishan and Huidong. After a 50-some-day voyage on the sea, the vessels were intercepted by U.S. maritime police in patrol around the U.S.-Mexican border; later, they landed in Mexico and were directly repatriated to Fujian. None of the illegal emigrants had stayed in a foreign country.

According to the briefing, because of the great number of people held, the custody station was comparatively crowded; an average room with a floor space of 20 square meters had to accommodate 30 men; however, food, water and power supplies were satisfactory, and the mood of those being held was basically stabilized. Aside from going through routine health checks and inquiries on their basic conditions and the whole process of illegal emigration, they were allowed free movement at the station and to meet relatives and friends.

It was disclosed that in the wake of the preliminary hearing, related county departments would work in coordination with police substations of various townships and towns to screen those who already had a record of more than two attempts at illegal emigration, other criminal records, or those who had been at large, in order to handle their cases as quickly as possible and mete out penalties of education through labor, fines or sentences of imprisonment. It was learned that according to related regulations, all illegal emigrants should be fined between 10,000 and 50,000 yuan, the bulk of which would be used to repay the government for repatriation costs, and those who were given a sentence would get a maximum of five-years imprisonment. It was also learned that according to the confessions of the 16 female illegal emigrants, none of them had been raped during the entire period of their illegal emigration.

#### Paper Carries Interviews

HK2207130093 Hong Kong WEN WEI PO in Chinese  
21 Jul 93 p 4

[“Special article” by Fujian-based staff reporter Kuo Cheng-jung (6753 2052 2837): “Survival in a Sea of Bitterness and the Shattering of a Golden Dream—Verbal Accounts From ‘Human Snakes’ Repatriated From Mexico”]

[Text] Fuzhou, 20 Jul—On 19 and 20 July, two groups of Fujian "human snakes" [illegal immigrants] who tried to sneak into the United States were repatriated by plane from Mexico to Xiamen's Gaoqi airport. Subsequently they returned to Fuzhou by bus. Upon learning the news, this reporter went to interview some of the illegal immigrants accommodated in a center in the outskirts of Fuzhou.

By the time this report was filed, 295 illegal immigrants had already arrived in Fuzhou, 35 of whom were female. Most of them are peasants from Changde, Lianjiang, and Fuqing, areas near Fuzhou on the coast. A small number of them are city or town residents or workers. More than two months ago, they boarded foreign ships in the outer seas of Guangdong and Meihua of Changde. Then they started to drift.

#### Kept at the Bottom of Ships As if Imprisoned

An illegal immigrant surnamed Li, 18, was sitting in front of this reporter, looking pale and stupefied. As a result of the suffering during the two-month-odd voyage, this originally robust young man had become thin and bony; he was barely strong enough to speak. He told this reporter that he was the only son in his family. After high school graduation, he found a job in a township enterprise with a good income. He thought of going abroad when a wave of sneaking out of the country arose along the coast, but he decided not to go in the end, because this required between \$20,000 and \$30,000, and he could not afford it. His parents were against the idea as well. This year the "snake head" [organizer of human smuggling] resorted to new tricks and promised "three guarantees": Guarantee for arrival in the United States, guarantee for a job, and guarantee for the payments of fines in the event of repatriation". Furthermore, the charge for smuggling them to the United States could be paid after they had found jobs there. This was really too strong a temptation to resist—even his parents, who had previously opposed the idea, now approved. Who could have known that this almost got their son killed. He said that more than two months ago he went with a group of friends to Changde's Meihua township and went offshore on a sampan to board a foreign ship for the United States. Not long after he boarded the ship, he fell sick and was almost thrown into the sea. Fortunately, a fellow villager rescued him from his coma using an indigenous method, and this prevented him from being thrown into the sea. Recalling this experience made him feel like hell. He told this reporter that there were more than 200 "human snakes" on the cargo ship he boarded; the men were all locked in the large cargo hold and the women in the small one. The cargo holds were covered, and there were only two dim lights. The roughnecks hired by the ferocious crew and the "snake head" did not allow them to leave the cargo holds, so they ate, drank, urinated, defecated, and slept in the cargo holds. In the beginning they were able to put up with this, but as the amount of excrement and vomit kept increasing, the cargo holds stank to high heaven. They could no longer stand it and asked to go up for fresh air, but they were not allowed to

do so and were beaten. A roughneck said that anyone going up the deck would be thrown into the sea to feed the fish.

#### A Can of Milk Cost \$20

The most fearful thing was the shortage of water on the ship. In the beginning, they were provided with two pieces of bread and two cups of water each day. On the fourth day, there was no more normal food or water. Hungry and exhausted, they were lying in the cargo holds, feeling as if they were about to faint. At this time, some crew members took advantage of their misfortune to sell them instant noodles and all kinds of canned food at high prices. A package of instant noodles cost \$10, but there was no hot water to cook them, so they had no choice but to eat them raw. A can of milk cost \$20, a bottle of pineapple juice \$10, and a small cup of water \$5. But later even these high-priced "hand outs" were no longer available, and the water on the ship was used up. It so happened that they found some water full of rusting iron at the bottom of the ship, but the excrement and urine kept seeping through to the bottom of the ship from the cargo holds. As the ship rocked, the excrement and urine mixed with the rusty iron. The crew did not regard the passengers as human beings and used this stinking water to cook rice for them. But later, the crew began to fear that they might not get their money if these people died, provided them with some pails of water which had been used for bathing. In order to survive, they drank this water, but the weak were not even able to do this.

#### Women Were Gang Raped by Crew Members

A 27-year-old illegal immigrant surnamed Jiang tearfully told this reporter that he greatly regretted boarding the "living coffin." Previously he held an impressive job, and he did not know how he could have been seduced by the prospect for wealth to board the ship. At sea, he used all of the \$2,000 he had with him to buy food and water, which was as precious as gold and silver, in order to survive. Once he exchanged a gold ring with a crew member for a cup of water, but he got only half of a small cup. He piteously begged for some more but was ruthlessly slapped by the man. He had never been insulted like this before. He was so distressed that he did not wish to live. Rolling over and over in the cargo hold, he quietly cursed his own luck for giving credence to the rumor that "one must sneak out of the country if one wants to become rich." Now he had suffered from his own stupid decision and was being subjected to such humiliation. Deeply distressed, he unbuckled his belt to kill himself, but someone saw him and saved him.

This illegal immigrant also said that the most unbearable and distressing thing for them was that they could not help the girls who were brutally treated by those heartless crew members and their roughnecks. He said that some of the illegal immigrants were unmarried young girls, and, as soon as they got on the ship, they became the targets of lust. Screams and voices begging for mercy

could be frequently heard from the next cargo hold. Deep in the night, when the men were dizzily asleep, they heard the miserable screaming and crying of the girls who were being insulted. Some of these girls were fellow villagers; some were relatives. A dignified man could not give a helping hand....

#### **"We Will Not Go Again Even If We Are Beaten Almost to Death"**

During the interview, several illegal immigrants told this reporter that the "three guarantees" of the "snake head" were a fraud. A promise had been made they would board a 10,000-ton ship and would be provided with food, but they were extorted as soon as they got on board. The foreign currencies, ornaments, and valuables they carried along were all exchanged for bread and water. Even some small presents for their relatives were taken away; even a small display of resentment could result in beating and kicking. "We were 'human snakes,' but became 'human fish' trampled upon by others as soon as we got on the ship. We are very, very fortunate to be able to return alive. We will not go again even if we are beaten almost to death." This reporter asked an illegal immigrant surnamed Chen what he was thinking when he heard the news of being repatriated because he failed to sneak out. This 25-year-old factory worker used the phrase "rescued in the nick of time" to describe his feelings. He said: "We now feel that life in our home town is paradise, because we have experienced hell for more than two months. No one is unhappy about being able to return alive!" He told this reporter that he felt a wave of relief when his plane arrived at Xiamen's Gaoqi Airport.

#### **They Would Be Home Soon**

Walking around the accommodation center, the reporter found that it was located below the Gu Shan, with a quiet environment, fresh air, and spacious and clean rooms. A frontier guard told this reporter that, after the illegal immigrants had been given physical check-ups and education, they would soon be allowed to return home for a family reunion. He said that local governments would not hold them responsible for their mistakes, nor would they punish them. They would only ask them not to sneak out of the country again.

#### **Olympic Committee Chairman Comments on Human Rights**

*HK2407041093 Hong Kong SOUTH CHINA MORNING POST in English 24 Jul 93 p 8*

[Report by John Kohut in Beijing]

[Text] China's bid for the 2000 Olympics will not influence the way the country handles its human rights affairs, He Zhenliang, the head of China's Olympic Committee, said yesterday. Addressing the Foreign Correspondents' Club of China, Mr He said China would need to make improvements to organize a successful

Olympiad. Asked if these improvements included human rights, Mr He said he was referring primarily to technical matters.

"Our bid committee is concerned only with our bid affairs. It is not concerned with any other methods," he said. Any releases of prisoners, either now or in the future, were strictly a matter of Chinese judicial process, rather than an attempt to change public opinion abroad, he said.

"Maybe in the course of the coming months, just like in the recent months, someone will be released ... If there is someone released, it will be according to our law," Mr He said.

Citing human rights concerns, the U.S. Congress has voiced opposition to Beijing holding the games. The Chinese have accused Washington of trying to politicize the Olympics.

He was asked whether Sino-U.S. relations would be hurt should Beijing fail to win the Olympics. "The choice of the venue ... is the authority of the International Olympic Committee. We will respect the decision of the International Olympic Committee if this decision is made in full autonomy and independence," Mr He said.

At the same time, China was angry with American attempts to influence the IOC's decision-making process. "I'm totally against that because it's an infringement of the Olympic principles and that's unacceptable," Mr He said.

"No country is perfect. Even the United States and other countries have their own problem of human rights. Is this a reason for other countries to deny the right of staging the Olympic Games in Atlanta, or other American cities?"

Mr He said the Chinese bid committee had asked for senior Chinese officials to attend the September meeting in Monte Carlo, where the venue for the 2000 Games will be decided.

It is not clear which Chinese officials will attend. So far, Premier Li has failed to follow in the footsteps of British Prime Minister John Major, who will go to Monte Carlo to support Manchester's bid.

Mr He said Beijing expects to have a net profit of U.S.\$120 million (HK\$930.50 million) from the Olympics, of which 10 percent would go to the IOC and the rest to a fund for developing sports in Third World countries.

In preparation for the games, China is spending US\$3.4 billion on upgrading telecommunications in Beijing and US\$50 billion for the country as a whole.

**Sports Minister 'Confident' of Hosting 2000 Olympics**

*OW2307141893 Beijing XINHUA in English 1357  
GMT 23 Jul 93*

[Text] Beijing, July 23 (XINHUA)—Wu Shaozu, executive president of the Beijing Olympic Bid Committee, said today he was confident of Beijing's success in the 2000 Olympics bid.

In an interview with XINHUA, Wu, who is also China's sports minister, said the technical report released by the International Olympic Committee (IOC) on July 13, was basically objective and showed the current conditions and future developments in the Chinese capital city.

"The report said Beijing's bid was realistic and solid, and had strong support," Wu said. "It also said other points in favor of Beijing's bid including the viable and solid financial guarantees, budget provisions and funds, and enormous marketing potential" in China.

"The five questions raised in the report were not damaging questions, and the report has already stated that the commission has received firm assurances that Beijing would solve these questions by the year of 2000," Wu said.

The report, prepared by the IOC Inquiry Commission, said that the athletes' changing and service areas fell below the international standards, and the high-rise accommodation was not best suited for use in an Olympic village. The three other questions were the city's environmental problems, the question of language and insufficient quantity of telecommunications.

Wu said: "The fact that Beijing has already had 76 percent of the sports facilities needed for the 2000 games has been Beijing's advantage over other bidding cities and will remain an advantage in the future."

"We say the existing facilities will be upgraded because we base our considerations on the standards of the year 2000. Most of the renovations will be done on the changing and service areas," he said.

"In both our bid documents and the presentations to the IOC Inquiry Commission, we stated all these clearly. What we have done shows that we are honest and realistic," Wu said.

"China is a developing country and some of the sports facilities do need upgrading. However there are still seven years before the 2000 Olympics and we can do a lot of things in these long years." Wu said.

The other bid cities are Sydney, Berlin, Manchester, Istanbul and Brasilia. Wu said he believed that the 90 IOC members will make their right choice at the IOC session in Monte Carlo on September 23.

He said 64 IOC members and leaders of more than 20 international sports federations have visited Beijing at the invitation of Beijing's bid committee.

"A recent survey showed that 98.7 percent of Beijing residents support the city's bid," Wu added.

The sports minister noted Beijing has a great chance in the bid, but he sharply criticized the resolution passed by the U.S. House Foreign Affairs Committee on Wednesday [21 July], which he described as direct interference in China's internal affairs and infringement on the Olympic Charter.

"In the last two months before the Monte Carlo meeting, we will continue to work hard and try our best to win the bid," Wu said.

**Beijing Residents Support Bid**

*OW2607104693 Beijing XINHUA in English 1019  
GMT 26 Jul 93*

[Text] Beijing, July 26 (XINHUA)—Ninety-eight point seven percent of Beijing residents support the city's 2000 Olympic bid, according to a random sample released today.

The survey, conducted by the city's urban social and economic sampling team in May, was held among about 10,000 people of 230 organizations in 12 districts and counties. Those surveyed include 7,797 workers and employees, 1,955 university and secondary school students, 198 retired people and 50 self-employed individuals.

In their answers to the question whether they support the city's Olympic bid, 73.3 percent said full support, 22.3 percent support and 3.1 percent virtual support.

The rate of support was the highest among the students, 99.4 percent.

When asked what they would do if Beijing won the bid, 82 percent of the people said they would do their own jobs still better to help the city organize the games well, over 60 percent of the students said they would become volunteers during the games and 30 percent of the sampled said they would donate money for the games.

Most of the people said that they were confident of Beijing's success in the bid. 85 percent of the people said the support from the people and the government is the city's advantage.

Eighty-one point three percent said Beijing's fascinating history and culture constituted its another advantage. 67 percent said Beijing had successfully hosted the 1990 Asian games, thus obtaining experience in organizing big international games.

Ninety-nine percent said if Beijing won the bid, it would organize the games successfully.

When asked what they would do if Beijing lost the bid, 88.3 percent said Beijing should continue to bid for the 2004 Olympics, 7.2 percent said it should stop bidding for the 2004 games but bid for the 2008 games.

Many people said that the bidding itself was a contribution to the Olympic movement.

### Column Urges Promotion of 'Spiritual Civilization'

*HK2307140193 Beijing RENMIN RIBAO in Chinese  
22 Jul 93 p 4*

[("People's Forum" column by Jin Weijun (7246 4850 6874); "Never Forget To 'Grasp With Two Hands'"]

[Text] From the practice of reform and opening up over the past 15 years, people can draw the following conclusion: In all the units, departments, and regions where leading cadres have a good sense and ability of "grasping with two hands" and are capable of doing so, the economic situation is improving day by day and the people's mental attitude has taken on an entirely new look. In contrast, in those units, departments, and regions where leading cadres are not doing so, the situation is entirely different. When we compare some well-known units, we can see that their situations differ from one another because some have and some have not "grasped with two hands." Although under the same leadership of the CPC Central Committee and in the same major environment of reform and opening up, achievements made by various units are different because of the different qualities of their main leaders. By "grasping with two hands," the party committee of Liuzhuang, Xinxiang, Henan Province has achieved remarkable successes in building both material and spiritual civilization and has been advancing on the broad road of socialism. However, other once "advanced" units have gone in the opposite direction. Having paid attention only to material civilization to the neglect of spiritual civilization, they have no lofty ideals and lead a meaningless life, although they were very rich for a time. Some of them have even committed all kinds of outrages disregarding laws and discipline, thus bringing serious losses to the party and the people's cause.

Today, when we are seizing the opportune time to speed up development and intensify reform, the living reality has once again reminded us that we should not merely grasp material civilization with one hand to the neglect of grasping spiritual civilization with the other. At present, because of many historical and practical reasons, when our cadres still do not suit the needs of economic development, some enterprise leaders and some leaders in charge of enterprise affairs, who "look for money in all cases," have promoted some people to important posts who have low political quality and seek money by fair means or foul. Although they have continued to stress adherence to the principle of the "four have's" and the criterion of having both ability and political integrity, they are actually practicing a policy of "promoting people to leading bodies according to money and for the purpose of making money." If the people who are promoted to leading bodies are incapable of making money, they will soon be discharged from these leading posts. Therefore, after these people are promoted to

leading posts, they try to make use of the opportunity while the old economic structure is being replaced by the new and laws and regulations are still imperfect to make money by fair means or foul. Moreover, some have made use of their money and beautiful girls to corrupt those cadres in power and law enforcers so that their illegal practices can be given the "green light." As a result, the economic sphere has been thrown into confusion. For example, "debt chains" have not been broken, the market is flooded with fake and shoddy goods, and there are deceitful "briefcase companies" and all kinds of legal and illegal "commissions." The emergence of such illegal practices and local protectionism is an inevitable outcome of the tendency to pay more attention to material progress than to cultural and ideological progress. Following that, money worship, hedonism, and extreme individualism has gained ground and the ideology of the heartless rich has grown, while the spirit of selfless devotion and hard struggle has been left out in the cold. Although these are just some partial problems, they have aroused the serious attention of the media and complaints from the masses. If we do not maintain a high degree of vigilance and do not adopt powerful measures to solve these problems, there will inevitably be a slide or even a turn for the worse in social morality and atmosphere. If so, even if our economy develops, it will be meaningless.

Why have some units, departments, and regions slackened their efforts to promote cultural and ideological progress? There are many reasons for this, but the main reason is that leading comrades have not grasped things with both hands. In practice, they have stressed material progress at the expense of cultural and ideological progress. Therefore, leading departments at all levels must pay more attention to the promotion of cadres and make great efforts to improve this work. They must attach great importance to the training, selection, and promotion of cadres so that those who have both ability and political integrity and who are capable of promoting both material progress and cultural and ideological progress are promoted to the main leading posts at various levels, so that the party's basic line can be implemented correctly, and our economic construction can develop better and faster.

### Jiang Zemin Speaks on Organizational Reform

*OW2407052393 Beijing XINHUA Domestic Service in Chinese 1250 GMT 23 Jul 93*

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391), RENMIN RIBAO reporter Chen Weiwei (7115 4850 0251), and XINHUA reporter Zheng Qingdong (6774 1987 2639)]

[Text] Beijing, 23 Jul (XINHUA)—President Jiang Zemin, who is also CPC Central Committee general secretary, and Zhu Rongji, member of the Standing Committee of the CPC Central Committee's Political Bureau and vice premier of the State Council, this afternoon cordially met with representatives from the

national work conference on reforming the organizational structure at Zhongnanhai's Huairontang. They also took part in a meeting with some of the representatives to discuss the issue of reforming the organizational structure.

The meeting was presided over by Hu Jintao, member of the Political Bureau's Standing Committee and CPC Central Committee Secretariat, and vice chairman of the Central Organization Committee.

Song Defu, member and head of the Central Organization Committee's General Office, who is also minister of personnel, first reported on the situation of the current national conference on reforming the organizational structure. Shandong Vice Governor Zhang Ruiseng, Shaanxi Governor Bai Qingcai, Fujian Governor Jia Qinglin, and other comrades spoke successively at the meeting to introduce the progress of reforming the organizational structure in their respective localities.

After listening to their speeches, Jiang Zemin made an important speech. He pointed out: Reforming the organizational structure is a strategic measure that is crucial to the overall situation of China's socialist modernization drive, and so the whole party, especially leading cadres at various levels, must understand the importance of reforming the organizational structure in line with the party Central Committee's guidelines.

Jiang Zemin said: Reforming the organizational structure is an essential condition for deepening economic reform and establishing a socialist market economy and is an urgent task in the reform of China's political structure and in promoting socialist democracy and building a legal system. It is also an objective requirement for implementing the party's basic line and for consolidating the party's ruling position and the country's socialist political power. The party Central Committee and the State Council have carried out the task of reforming the organizational structure as a strategic measure. Comrades of the whole party, especially party and government leading cadres at various levels, should understand and carry out reform of the organizational structure from the height of strategy and enhance their sense of responsibility and urgency.

Jiang Zemin pointed out: Current reform of the organizational structure must settle, first of all, the questions of how the government functions and how the establishment of government organizations will meet the needs of socialist modernization and the establishment of a socialist market economy. The objective of reforming the organizational structure is to shift the functions of government agencies, straighten up their relations, streamline administration, reduce staffing, and improve work efficiency. They are closely related, and the shift of government functions is of the utmost importance and is key to the success of reforming the organizational structure. He said: In the course of reforming the administrative system and the organizational structure at present, two breakthroughs must be made. In accordance with the

principle of separating government administration from enterprise management, we should first grant decision-making authority to enterprises so that they will really become economic entities and principal market competitors that operate independently, while assuming responsibility for their own profits and losses, and are capable of developing and restraining themselves. In doing so, regulatory functions must be shifted to the market so that it can better play a basic role in resource allocation. Conversely, we should introduce and improve a macroeconomic regulation system, rationally define roles and authority between the central authorities and localities, and properly integrate people's immediate interests with their long-term interests and the interests of some with the interests that are common to all. We must also properly maintain a balance between total supply and total demand through coordinated adjustment, concentrate necessary financial resources and materials on the construction of priority projects, and make full use of economic, legal, and necessary administrative means to spur faster and better economic and social development.

Touching on the necessity of adhering to the ideological line of emancipating people's minds and seeking truth from facts, Jiang Zemin said: Emancipating people's minds and seeking truth from facts is a Marxist ideological line, an ideological line repeatedly stressed by Comrade Deng Xiaoping since the Third Plenary Session of the 11th CPC Central Committee to promote reform, opening up, and the modernization drive, and also a line to guide us in carrying out reform of organizational structures. He emphatically pointed out: Reforming the organizational structure is a revolution—a revolution of the institutional system. Without the courage to emancipate our minds and the approach of seeking truth from facts, we would probably achieve nothing. If we firmly adhere to the party's ideological line, we will be able to proceed from the national situation of our country and properly handle various kinds of contradictions and actively and steadily promote reform work.

Jiang Zemin said: Persisting in emancipating our minds and seeking truth from facts in the course of reforming the organizational structure means being resolute in carrying out reform of things that should and can be reformed in accordance with the needs of building socialism with Chinese characteristics and establishing a socialist market economy and of adjusting organizations' functions. Meanwhile, it is necessary to pay attention to integrating the principle of reform with the actual situation of various localities and properly handle their respective problems.

Jiang Zemin said: Current organizational structural reform involves the whole country and is a complex and arduous engineering system. The party Central Committee hopes that party and government leaders at various levels will fully understand the complex and arduous nature of reforming the organizational structure, draw up overall plans for the work, coordinate with each other, and carry out the drive carefully and step-by-step. He pointed out: First, we must effectively

strengthen leadership over reforming the organizational structure; second, we should have a good grasp of the policy; and third, we should strictly observe discipline in carrying out reform work. Leading cadres at various levels should work hard and conscientiously and implement reform work in a solid and practical manner in the spirit of holding themselves responsible to the party and the people.

In conclusion, Jiang Zemin expressed his confidence that with the unified understanding of the whole party, the careful and meticulous preparation by party committees and governments at various levels, the foundation of experiences gained from trials at selected places, and the active participation of the broad masses of cadres of various organizations, reform of the organizational structure can certainly achieve the desired results.

State Councillor Peng Peiyun; Wang Zhaoguo, vice chairman of the National Committee of the Chinese People's Political Consultative Conference; and Central Organization Committee members Zeng Qinghong, Lu Feng, and Liu Zhongli, as well as responsible persons from various concerned departments, ministries, and commissions of the party Central Committee and the State Council, attended the meeting.

#### **Zhu Rongji Inspects Guizhou, Promotes Economic Policies**

*OW2507094393 Beijing XINHUA in English 0923  
GMT 25 Jul 93*

[Text] Guiyang, July 25 (XINHUA)—Vice-Premier Zhu Rongji has just inspected Guizhou Province and urged people to implement the state's current key economic policies while rectifying financial order to ensure healthy development of the national economy.

The vice-premier said that the situation of this southwest China's province was good thanks to the efforts made by the provincial committee of the Communist Party of China (CPC) and the provincial government.

Some problems emerged in economic work there were similar to that of nationwide and projected the fund shortage resulting from the chaos of financial order.

Included were failing to follow the requirement of optimizing industrial structure to spend funds on key capital construction projects, drops of bank savings deposits in the first six months of this year, and lending huge funds to coastal areas to fry up [as received] property to make profits.

As a result, construction of key state capital projects was short of funds and enterprises' normal production affected.

Zhu pointed out, "only by rectifying financial order can funds for key projects be guaranteed and production increase."

According to the vice-premier, to rectify the financial order, it was impossible to rely only on the bank. However, the bank would play an important role in the rectification.

Zhu noted that the multi-national Guizhou Province should select its strategical focal point of development in line with its actual conditions and place the provincial capital and materials and the central government's financial support on the projects, which can fully display economic efficiency and lead forward the provincial economic development.

The most important thing for Guizhou, a remote mountainous province, was to make full use of its natural resources, the technology of military industrial enterprises and the rich labor force, according to Zhu.

The vice-premier encouraged people in the province to build more roads and tap local natural resources to develop energy, cement, aluminum and other raw material industries.

He said that construction of new and high-tech technology development zones must try in every possible way to save farmland and projects in the zone must be really new and high-tech ones.

Guizhou is one of China's key tobacco producers. The vice-premier called on the local officials to make macro-control and offer correct information to guide farmers in growing tobacco.

During his inspection from July 16 to 19, the vice-premier went to factories, rural areas and ethnic minority villages to learn about industrial and agricultural production and people's life.

#### **Family Planning Minister Investigates Liaoning**

*SK2407064693 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 23 Jul 93*

[Text] During her recent investigations in Liaoning, Peng Peiyun, state councillor and minister of the State Family Planning Commission, stressed: We should closely link family planning with the development of the rural economy and the work of guiding the peasants to seek wealth and pay firm and good attention to family planning. This is the most hopeful way for the rural areas in China to achieve the family planning work.

From 14 to 22 July, accompanied by Zhang Rongming, vice governor of the provincial government, Peng Peiyun successively went deep to the rural areas of Dalian and Jinzhou to talk with the grass-roots cadres and people and conduct investigations and study.

She spoke highly of our province's family planning. She said: Liaoning was ahead of others in conducting family planning work. So, it has a good foundation in this regard and constantly stands among the best in the whole country. In particular, the practice that the key family planning households [ji hua sheng yu zhong hu]

organized the women at the child-bearing ages to engage in production and seek wealth through diligent labor is of creative significance. Simultaneously, some key family planning households become households engaged in the popularization of technologies and some become experimental households in seeking wealth through diligent labor. They have pioneered a new hopeful way for deepening the progress of family planning work.

Peng Peiyun pointed out during the investigations: Under the socialist market economic conditions, we should widen the ways for conducting the family planning work and upgrade the quality of the work. To suit the broad masses of peasants' psychology of seeking knowledge and wealth, we should help the peasants solve their production and living difficulties, weaken their thinking of having more children, renew the idea of birth control, actually upgrade women's social position, and better promote the improvement of the spiritual and material civilizations in the rural areas.

During the investigations, Peng Peiyun also conducted investigations on the province's public health and women's work. In Shenyang, Quan Shuren, Yue Qifeng, Wen Shizhen, and [name indistinct], leaders of the province, exchanged views with Peng Peiyun on the province's public health and family planning work.

**Song Ping, Others at Population Control Meeting**  
*OW2407044493 Beijing XINHUA Domestic Service in Chinese 1009 GMT 9 Jul 93*

[Excerpts] Beijing, 9 Jul (XINHUA)—People have gradually become more aware of men's important role in planned parenthood at a time when China has achieved significant success in population control. During a meeting held in Beijing today to discuss husbands' responsibilities in planned parenthood, people of all walks of life maintained that men and women should share equal responsibility for the task. [passage omitted]

Song Ping and Peng Peiyun were present at today's meeting.

Statistics show that Chinese males have accounted for 32 million of the world's 62 million cases of vasectomies, showing that males have played a significant role in China's planned parenthood program. [passage omitted]

In her speech, Peng Peiyun, state councillor and chairman of the State Planned Parenthood Commission, pointed out: Premier Zhou Enlai pointed out as early as in 1964 the need for men to receive vasectomies, and General Secretary Jiang Zemin and Premier Li Peng have also commented on this issue on many occasions. We should broadly and deeply publicize the advantages for males to receive vasectomies so that, when an environment that encourages men to undertake greater obligations for planned parenthood has been created, China can achieve even greater success in its planned parenthood program.

The meeting today was cosponsored by the ZHONGGUO RENKOU BAO [Chinese Population], ZHONGGUO FUNU PAO [Chinese Women], and the Propaganda and Education Department of the State Planned Parenthood Commission, which are also soliciting essays on husbands' responsibilities for planned parenthood. Wu Jieping, vice chairman of the National People's Congress Standing Committee, inscribed a message for the meeting. The message reads: "Husbands should bear greater responsibility in planned parenthood." Wang Guangmei, Lin Jiamei, and Guan Tao took the floor at the meeting.

**Luo Gan at Meeting for Panchen Lama 'Soul Boy'**  
*OW2407144793 Beijing XINHUA in English 1426 GMT 24 Jul 93*

[Excerpt] Beijing, July 24 (XINHUA)—The leading group for search for the reincarnated child or "soul boy" of the 10th Panchen lama held its second plenary meeting in Beijing from July 20 to 23.

Living Buddha Qazha Qamba Chila, head of the Zhaxi Lhunbo Lamasery, presided over the meeting of the members of the leading group which is made up of living buddhas, senior monks and public figures in Buddhism in Tibet and other Tibetan-inhabited areas.

Luo Gan, state councillor, Wang Zhaoguo, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), Zhao Puchu, vice-chairman of the CPPCC National Committee and president of the China Buddhist Association, and Raidi, chairman of the Standing Committee of the Tibet Regional People's Congress, were present to offer their congratulations on its opening. [passage omitted]

**Qian Qichen at Henan-Hosted Reception for Envoys**  
*HK2607035193 Zhengzhou Henan People's Radio Network in Mandarin 1030 GMT 21 Jul 93*

[Text] On the afternoon of 19 July, the stately elegant Beijing Diaoyutai State Guest House was filled to capacity, and people were heard singing happily there. Taking the opportunity of diplomatic envoys coming home for consultations, Henan Provincial People's Government invited over 190 envoys accredited to foreign countries and Foreign Ministry officials to take part in an exchange meeting, which chiefly aimed at cordially inviting diplomats to work together for the prosperity of the central plains. With the zeal of 80 million people of the whole province, Governor Ma Zhongchen briefed diplomats on our province's long history, great changes brought to the undertaking of construction in Henan by reform and opening up, and Henan's unique superiority, in terms of natural conditions and geographical location, in opening to the outside world.

**Ma Zhongchen said:** All of you, the diplomats, are the envoys of external contact and the link to the world. Your concern, support, and vigorous help is essential to Henan's opening up to the outside world. I sincerely wish that all of you, apart from performing your busy official duties, will remember Henan, give publicity to Henan, show solicitude for Henan, help Henan, and create some opportunities and conditions for Henan.

Tian Zengpei, deputy foreign minister, addressed the meeting: An important task for diplomatic work is to serve domestic economic development. Likewise, diplomats must have detailed knowledge of the situation of various provinces and municipalities, provide information to various localities for their economic development, and act as go-betweens for investment projects.

Qian Qichen, vice State Council premier and foreign minister, was present at the meeting to call on leaders of various cities and prefectures of our province who went to Beijing to attend the meeting and some of the directors and managers of large and medium enterprises.

Liu Huaqiu, Yang Fuchang, Jiang Enzhu, and Tang Jiaxuan, deputy foreign ministers; Wan Yongxiang, Discipline Inspection Commission secretary, and other leading comrades attended the exchange meeting.

After the meeting, this reporter interviewed Vice Governor Yu Jiahua, chairman of this meeting.

**Yu Jiahua said:** I feel that the exchange meeting held today was very good and has achieved the desired result. I think the main objective of holding this exchange meeting is to invigorate the economy of Henan. Since our province is situated in the central plains, I feel that as an objective fact, we may have many economic deficiencies, but we have discovered that the most fundamental thing is that we have not tried very hard in reform, and the degree of our opening is insufficient. In this respect, we have not paid enough attention to many problems. How are we going to invigorate the economy of Henan through opening up? How are we going to attract foreign investment through opening up? And how are we going to develop a better environment for investment? We need to accomplish all these. We must make other people understand Henan. If they do not understand Henan, how can they invest in Henan? Through this function, we invite efforts by our diplomats to let the world understand Henan and let Henan be in touch with the world.

#### Zou Jiahua Visits Air Crash Victims in Yinchuan

OW2407141393 Beijing XINHUA in English 1329  
GMT 24 Jul 93

[Text] Yinchuan, July 24 (XINHUA)—Chinese Vice-Premier Zou Jiahua this morning visited air crash victims who are now being treated in hospitals in this capital of northwest China's Ningxia Hui Autonomous Region.

The hospitalized victims are 50 passengers and four crew members, and seven people injured while rescuing the air crash victims.

So far 40 of the injured are out of danger, including two foreigners, while another 21 are still in intensive care.

Zou expressed the wish on behalf of the Communist Party and the State Council that the victims recover as soon as possible and his thanks to doctors, police and soldiers taking part in rescuing the victims.

Before he went to the hospitals, the vice-premier inspected the site of the air crash near the airport.

Later today he listened to a report on preliminary investigations of the crash.

Zou, calling on all concerned departments to do their best in the lifesaving work, asked the Civil Aviation Departments to draw experience from the accident and ensure flight safety.

The crashed plane, a British Aerospace 146, failed to take off from an airport in Yinchuan Friday [23 July] afternoon.

It ran off the runway, dropped into a lake and broke apart, killing 59.

#### 40 Injured Said Out of Danger

OW2407143593 Beijing XINHUA in English 1422  
GMT 24 Jul 93

[Text] Yinchuan, July 24 (XINHUA)—After a day's emergency treatment, 40 people injured in the Yinchuan air crash yesterday are out of danger and another 21 are under intensive treatment.

The injured, including two foreign passengers and seven helping in the rescue, are being accommodated in five hospitals in Yinchuan city in northwest China's Ningxia Hui Autonomous Region. They are in fair condition, doctors said.

Vice-Premier Zou Jiahua and Huang Huang, secretary of the region's Communist Party committee, went to the hospitals to visit the injured.

Public health departments in the region responded quickly to care for victims of the accident. Right after the air crash, hospitals were engaged in emergency rescue.

Some of the injured have recovered sufficiently to tell about the scene of the accident. Cui Yongqing, a worker of the State Education Commission, said at the Yinchuan Municipal Hospital that he had been seated in the middle part of the plane, which broke into three parts after the crash. All those beside him died and he himself was soaked in neck-deep water before being rescued by four soldiers.

French passenger Angles Michel, 43, suffered fractures of ribs and left-side neck and a dislocation of hip joints.

He sat on the fourth row and was among the first group being rushed to hospital. Michel is now tended at one of the best wards in Yinchuan, officials said.

The victim has worked for seven years in Beijing as a business representative of the TLM Company of France. Lying in bed, he talked to Vice-Premier Zou Jiahua in fluent Chinese while Zou came to see him.

Another foreigner, Zuherman, who is a senior clerk with a textile company of Indonesia, is one of those suffering slight injuries. He only suffered soft tissue injury and ripping of skin on the head, which required four stitches. He remained conscious all the time.

Officials have not yet disclosed the cause of the crash. The survivors said the plane vibrated severely while attempting a takeoff.

The China Northwest Airlines plane, carrying five crew members and 108 passengers, including three foreigners and one Hong Kong resident, was flying the Yinchuan-Beijing route.

At 14:41 on Friday, the plane ran off the runway when taking off and dropped into a lake and broke apart. Fifty-nine people, including a Briton, were killed.

#### NPC Vice Chairman Gan Ku Dies

OW2507150093 Beijing XINHUA in English 1449  
GMT 25 Jul 93

[Text] Beijing, July 25 (XINHUA)—Gan Ku, vice-chairman of the Standing Committee of the Eighth National People's Congress (NPC), died of illness at 12:02 (Beijing time) today at the age of 69, according to an obituary issued by the NPC Standing Committee here this evening.

All measures to save Gan Ku were taken but proved ineffectual, the notice says.

Gan Ku was of the Zhuang ethnic minority, a group that is chiefly found in the Guangxi Zhuang Autonomous Region in South China.

Before being elected vice-chairman of the Eighth NPC Standing Committee in March this year, Gan Ku was chairman of the Standing Committee of the 6th and 7th People's Congresses of the Guangxi Zhuang Autonomous Region and vice-chairman of the region's people's government.

Gan Ku was born in a peasant family in Fusui County, Guangxi, in 1924 and joined the Communist Party of China in July of 1947.

#### Correction to Qiao Shi, Li Ruihuan at Funeral

OW2607073993

The following correction pertains to the item headlined "Qiao Shi, Li Ruihuan Attend Funeral for Artist,"

published in the Political & Social section of the 23 July China DAILY REPORT, page 15:

Second column of page, last paragraph of item, antepenultimate sentence, make read: ...Afterglow," an elegy written by Mr. Zhao Puchu.... (changing "in memory of" to "written by")

#### Military

#### PRC Participates in Chemical Weapons Test

OW2307105193 Beijing XINHUA Domestic Service in Chinese 1123 GMT 21 Jul 93

[By correspondent Lin Maoxing (2651 5399 5281)]

[Text] Beijing, 21 Jul (XINHUA)—At the fourth round of a joint international laboratory test for the verification of disarmament of chemical weapons, which was participated in by 14 countries, including the United States, Russia, the UK, and France, and 16 laboratories, China's analysis and measurement again ranked among the best. This was in the wake of China's outstanding performance in the second and third rounds of test. China's discovery rate was high, its quantitative analysis was accurate, its method used was advance, and its system of quality control was comprehensive. China's performance indicates that its chemical analysis and verification technology is in the forefront of the world. Zhang Wannian, chief of the General Staff, has congratulated the personnel taking part in the test.

The joint international laboratory test for the verification of disarmament of chemical weapons is an important effort to ban chemical weapons. Samples for the test were provided by the United States' Lawrence Livermore National Laboratory. Compared with the previous two rounds, this round of the test had higher technological requirements and was more difficult. Its requirement for a comprehensive system of quality control was even more rigorous. In light of this, our personnel taking part in the test pooled their wisdom and efforts and meticulously analyzed the samples with a rigorous scientific approach. They verified the results of the analysis in various ways to ensure the accuracy of the test.

At a recent meeting of experts for the fourth round of the test in the UK, foreign experts praised China's analysis and measurement work, saying it was well done.

It was learned that the People's Liberation Army institutions specializing in antichemical warfare have worked very hard to study the test for the verification of disarmament of chemical weapons over many years and have achieved numerous high technology research results.

**Generals: 'Negative Phenomena' 'Endangering Army'**

*HK2607055693 Hong Kong AFP in English 0522 GMT 26 July 93*

[Text] Beijing, July 26 (AFP)—Two powerful Chinese generals warned Monday [26 July] that market reforms were endangering the Communist Party's control over the military and warned of the Army's self-destruction.

Liu Huaqing and Zhang Zhen, vice chairmen of the Central Military Commission, said it was essential to maintain the party's "absolute leadership" over the People's Liberation Army (PLA). Otherwise, the generals said, "our steps forward will be unstable and we will veer off course."

In a front page article in the PEOPLE'S DAILY [RENMIN RIBAO], they said that in the process of reform and opening, a combination of negative capitalist influences and traditional feudalism had resulted in "money worship, materialism, extreme individualism and other wrong ideas. Various harmful influences and negative phenomena from society are now continuously seeping into the Army through various channels, endangering Army building," the generals wrote. "We absolutely cannot treat this lightly," they said.

The article revealed the depth of Beijing's concern over the impact market reforms are having on the PLA. Official media have recently reported low troop morale, officer resistance to the party and scandals between local Army units and governments, blaming the problems mostly on the Army's eagerness to join China's rush for wealth.

Despite being in a period of peace, Liu and Zhang warned, many armies had been defeated in the past without going to war because of "wallowing in luxury and pleasure" and due to "frivolous military officers. Many armies in China and abroad have lost their fighting capacity and been defeated by peace or by themselves," the article said.

The Central Military Commission, which controls the armed forces, is chaired by Jiang Zemin, who is also state president and party general secretary.

**State Council, CMC Change Double Support Body**

*OW2607035693 Beijing XINHUA Domestic Service in Chinese 0752 GMT 19 Jul 93*

[Text] Beijing, 19 Jul (XINHUA)—The State Council and the Central Military Commission [CMC] recently reshuffled the component members of the National Leading Group on Supporting the Army and Giving Preferential Treatment to Military Dependents and Supporting the Government and Cherishing the People.

Leaders of the reshuffled leading group are as follows:

Head: Luo Gang (state councillor and concurrently secretary general of the State Council).

Deputy heads: Doje Cering (minister of civil affairs); Zhou Ziyu (deputy director of the General Political Department); Hu Guanggao (deputy director of the General Office of the CPC Central Committee); Li Shuwen (deputy secretary general of the State Council); Gong Xinhan (deputy director of the Propaganda Department of the CPC Central Committee); and Yang Yanyin (vice minister of civil affairs).

Component members of the leading groups include officials from the relevant State Council departments, the three general departments of the Liberation Army, the Armed Police headquarters, the Federation of Trade Unions, the Communist Youth League, and the Women's Federation.

**Military Commission Urges Stricter Army Finance**

*HK2607074093 Beijing XINHUA Hong Kong Service in Chinese 0929 GMT 21 Jul 93*

[Text] Beijing, 21 Jul (XINHUA)—The Central Military Commission issued a circular the other day, transmitting the "Opinions on Strengthening Management Over the Army's Finance and Economy" drafted by the General Logistics Department. The circular calls on the whole Army to earnestly enhance management and leadership over financial and economic work, strictly abide by financial and economic discipline, and do a good job of military economic work.

The "Opinions on Strengthening Management Over the Army's Finance and Economy" urge the whole Army to strictly exercise management over financial plans and funds, to strictly allocate funds in light of stipulations, and to resolutely curb the practices of indiscriminately increasing expenses and submitting applications for funds by bypassing the immediate leadership. All spending must be kept within the approved budget so as to maintain a balance in annual revenue and expenditure. Budgetary funds must not be misappropriated or used for production and operation purposes; no units may carry out financial business without authorization; Army funds must not be deposited in the account of any individual; and speculation in foreign currency is strictly prohibited.

The "Opinions" point out: It is necessary to curb all kinds of indiscriminate mustering of funds, comprehensively screen the funds pooled through various means since 1992 without the approval of the authorized departments, and resolutely undergo readjustment in light of the state's provisions. At the same time, all units must seriously screen and examine projects that are currently under construction. No items within a project covered by the plan may be changed without authorization; the quotas and area of construction must not exceed the set standards; and the projects with no plans or source of capital must first be suspended and then undergo screening. Financial resources must be concentrated to ensure the completion of key construction projects.

The "Opinions" drafted by the General Logistics Department call on all units to practice economy, resolutely check the tendency of going in for ostentation and extravagance, strictly control and curtail all kinds of meetings, and cut office expenditure.

The "Opinions" also clearly stipulate the necessity of checking the blind development of projects, particularly deluxe guest houses, office buildings, and holiday resorts. Such projects must be prohibited. Speculation in real estate is also not allowed.

The "Opinions" transmitted by the Central Military Commission emphasize: The party committees at all levels should strengthen organizational leadership and seriously investigate the economic losses caused by violation of discipline and law in financial work and also discover the responsibility of the leaders and persons involved. It is necessary to strengthen building of the ranks of financial management and increase their policy level and management capacity so that they can stick to principles and manage finance according to the law.

#### **Nationwide Double-Support Activities Reported**

*OW2607095993 Beijing XINHUA Domestic Service in Chinese 0617 GMT 22 Jul 93*

[By correspondents Xu Jingyue (1776 0079 6460) and Zheng Qun (6774 5028)]

[Text] Beijing, 22 Jul (XINHUA)—Since the beginning of this year, military personnel and civilians across the country, centering on advancing the reform and modernization drive, have launched in-depth double-support activities, further strengthening military-government and military-civilian unity in the new situation.

According to incomplete statistics, from January to June, the armed forces contributed more than 7 million work days to the construction of over 300 key construction projects at and above the provincial level and mobilized more than 100,000 pieces of equipment and vehicles for these projects. The "1993-1995 Military-Civilian Green Protective Screen Project," which was jointly initiated by troops stationed in Liaoning and the Liaoning provincial authorities, has aroused strong reactions among the public since the project was launched across the province. A construction army of 7,400 officers and men jointly dispatched by a group army in Xian and a local Air Force unit to support the construction of Xian's Hei He water diversion project was praised by the project's command as an army with special ability to do tough work. While working to expand the capital's Airport Road, the Shanghai-Ningbo Freeway, Xuzhou's Sanhuan Road, the Kunming-Qujing Highway, Jinzhou Port's Shugang Highway, the Zhuhai International Airport, Guangxi's Beihai Airport, Tibet's Bangda Airport, the Second-Phase Project of Shanxi's Pingsuo Coal Mine, and Daqing Petrochemical Industrial Corporation's 300,000-tonne ethylene piping project, the vast numbers of military officers and men slept in the open and worked hard day and night to fulfill

their construction work in a timely manner and with construction quality assured. To support construction in economic development zones, troops engaged in the construction voluntarily gave priority to national interests; while assuring that needs in national defense and security and their own needs were met, they yielded as much as possible their living quarters, lands, and facilities to make room for local development projects, or jointly made use of their property with local authorities, thereby making contributions to national and local economic development.

Local governments at all levels and the masses regarded showing concern for national defense building and supporting the troops in fulfilling their tasks as their unshirkable responsibility. More than 10 provinces, municipalities, and autonomous regions, including Shandong, Guangxi, Yunnan, and Xinjiang, sent more than 100 work groups to frontier areas and offshore islands to help local troops who were stationed in these areas of hardship year-round to solve their problems in military training and daily life. Tens of thousands of troop-supporting teams across the country actively provided services to troops inside and outside military camps, sending warmth to and doing practical things for the people's soldiers. Some localities in Hebei, Inner Mongolia, Heilongjiang, Zhejiang, and other provinces provided the sites for troops' field training and helped the troops pave roads for training, and departments concerned organized support committees to deliver grain, coal, oil, meat, eggs, and vegetables to military camps. When some troops in Fuzhou, Shenyang, Dalian, and Yinchuan were being transferred to other localities, major leaders and concerned departments of local city governments actively took measures to support the move; they provided help in settling officers' families, in admitting service members' children to schools and child care centers, and in constructing military camps, and they sincerely tried to solve other problems for the troops. Colleges and scientific research units in Beijing, Shanghai, Tianjin, Changchun, and other cities used their technological expertise as an important means to support military construction and used their specialties in scientific research and teaching to support modernization construction for the troops.

#### **Guangdong Secretary Visits Army Units**

*HK2407014293 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 22 Jul 93*

[Text] This morning, two Guangdong provincial 1 August support-the-army groups, headed respectively by Xie Fei, member of the CPC Central Committee Political Bureau and provincial CPC committee secretary, and Zhu Senlin, deputy provincial CPC secretary and provincial governor, visited the Army, Navy, Air Force, Armed Police, Frontier Defense, and Fire Service units stationed in Dongguan and Shenzhen in the company of some leading military comrades, including Commander Li Xilin and Political Commissar Shi Yuxiao of the Guangzhou Military Region.

At a rally to convey greetings and appreciation to soldiers at a unit's base in Dongguan, Comrade Xie Fei, on behalf of the people of the whole province, extended cordial greetings and festive regards to the people's soldiers stationed in Guangdong. He also praised the broad ranks of officers and men of Army units stationed in Guangdong for having made tremendous contributions to Guangdong's building of the two civilizations while carrying out their educational, training, and war-preparation duties.

In his inscription dedicated to the unit, Comrade Xie Fei encouraged the officers and men to carry forward its glorious traditions and make new contributions to the country.

At the rally, (Ye Yao), deputy party secretary and mayor of Dongguan City, on behalf of the people of Dongguan, contributed 1.2 million yuan to the unit for the construction of a museum on the unit's history.

At an informal meeting to convey greetings and appreciation at the base of a unit stationed in Shenzhen, Zhu Senlin praised all Army units stationed in the Shenzhen Special Economic Zone for having made considerable contributions to the construction and protection of the Special Economic Zone. He also praised one unit for taking immediate rescue action in face of heavy flooding when it hit Buji Town, making it possible for the Guangzhou-Shenzhen Railroad to resume traffic, which pointed to the Army's political nature of feeling, loving, and serving the people.

### Economic & Agricultural

#### Chief Prosecutor on Extent of Economic Crimes

OW2607121293 Beijing XINHUA Domestic Service  
in Chinese 0811 GMT 26 Jul 93

[By correspondent Zhang Yinshu (1728 6892 2562)]

[Text] Beijing, 26 Jul (XINHUA)—The CPC Central Committee Propaganda Department, the CPC Central Committee Work Committee for Party Organs, the CPC Central Committee Work Committee for Government Organs, the People's Liberation Army General Political Department, and the Beijing Municipal CPC Committee recently held a series of joint economic briefings in Beijing. At this morning's briefing, Zhang Siqing, procurator general of the Supreme People's Procuratorate, said: As clean administration goes, the current situation is basically marked by honesty within the party and government, with most party and government functionaries showing honesty, exercising self-discipline, and diligently performing their official duties in the people's interests. Corruption does exist within the party and government ranks because a handful of corrupt elements do prevail among party and government functionaries. Embezzlement, bribery, and other economic offenses remain quite serious and are spreading. The party has always stood for the fight against corruption, and the

prevention and punishment of embezzlement, bribery, and other economic crimes. The party and state are bent on and capable of eradicating corruption.

In his report entitled "Resolutely Punish Embezzlement, Bribery, and Other Economic Crimes To Help Foster and Develop A Socialist Market Economy," Zhang Siqing analyzed the causes leading to the growth and proliferation of embezzlement, bribery, and other corrupt practices. He also analyzed the seriousness and pattern of these practices. He related progress and plans made by procuratorial organs in battling embezzlement and bribery. More than 1,200 cadres at and above the departmental or bureau level from party, government, and military organizations in Beijing attended the briefing.

Zhang Siqing said: The party has always adopted the stand and principle of fighting corruption and of preventing and punishing embezzlement, bribery, and other economic crimes. The party and government have always instituted measures to solve the problem of corruption. In the early years of the nation's founding, the party Central Committee and Chairman Mao made the painful decision to execute Liu Qingshan and Zhang Zishan, thereby sounding an alarm among the broad ranks of cadres. After the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping repeatedly stressed the need to "perform two tasks simultaneously with equal attention to both." The 14th national party congress and the series of remarks made by Comrade Jiang Zemin recently also emphasized the necessity of opposing corruption and of firmly combatting all kinds of economic crimes throughout the process of reform and opening up.

Zhang Siqing stated: Clean administration is determined by the character of our party and government and is the essence and main feature of the latter. Although current corrupt practices have not reached the point where they have become incorrigible as described by some people, nor have evolved to such a point as to alter the party and government's character, we still need to fully recognize the seriousness of corrupt practices among a tiny number of party and government functionaries, such as abusing power for personal gain, embezzlement and bribery, extortion, bending the law to benefit one's relatives and friends, misuse of power, malfeasance, corruption and degeneration, and extravagance and waste. Among these practices, the most serious is abusing one's power to commit embezzlement, bribery, and other economic crimes. Embezzlement, bribery, and other economic crimes have not only adversely affected party and social morals, but they have also gravely disrupted reform, opening up, and the effort to foster and develop a socialist market economy. Therefore, we should resolutely devote substantial efforts to remedying these practices.

Zhang Siqing said: Currently, the gravity of embezzlement, bribery, and other economic crimes is mainly reflected in the following areas: 1) The number of party

and government functionaries involved in economic crimes continues to grow. Among these functionaries are some senior cadres. 2) Judicial and administrative law enforcement officers are committing serious crimes, such as extortion, bribery, perverting justice for bribery purposes, favoritism, and fraudulent practices. 3) Crimes are obviously industry-specific, and there has been a shift in crime-prone areas. 4) Individually committed crimes are giving way to gang-based offenses, and the number of multiple-crime cases is on the rise. 5) The sums of money involved in crimes are increasing, as is the incidence of people absconding with stolen money. 6) Crimes are being committed through internal and external collusion. Notably, crimes are transcending regional, provincial, and even national boundaries. 7) New forms and methods of perpetrating crimes continue to emerge. 8) Crimes involving tax evasion, refusing to pay taxes, and obtaining tax refunds on exports from the state through fraudulent means have increased significantly. 9) Crimes involving counterfeit trademarks and the production and sale of fake and inferior products have grown serious.

Zhang Siqing said emphatically: Punishing embezzlement, bribery, and other corrupt practices is a protracted struggle. To solve the problem of corruption, we need to rely on party-wide mobilization; enlist the joint efforts of all departments and business sectors; and apply educational, administrative, and legal means. Over the long term, we must solve this problem by deepening political reform. He said: Procuratorial organs are legally tasked with investigating and prosecuting embezzlement and bribery cases. In recent years, procuratorial organs have consistently given priority to punishing embezzlement and bribery in their fight against economic crimes. Focusing on investigating and prosecuting major and important cases, procuratorial organs will, from now on, intensify their fight; take stern measures against embezzlement, bribery, and other economic crimes; and deepen the anticorruption campaign to ensure the construction and development of a socialist market economy.

Today's briefing was chaired by Gong Xinhua, deputy director of the CPC Central Committee Propaganda Department.

#### **Ren Jianxin Urges Crackdown on Fake, Inferior Goods**

OW2307143093 Beijing XINHUA Domestic Service in Chinese 0929 GMT 13 Jul 93

[By reporter Zhang Shutang (1728 0647 1016)]

[Text] Beijing, 13 Jul (XINHUA)— Ren Jianxin, member of the CPC Central Committee Secretariat, secretary of the Central Political and Legal Commission, and president of the Supreme People's Court, pointed out today: We must step up our efforts to crack down on criminal activities involving the production and sale of fake and inferior goods. Major criminal elements must

be sternly dealt with and given heavy sentences in accordance with the law. Death penalty must be imposed firmly in accordance with the law where necessary; we must not be tender-hearted toward those criminals, still less must we shelter them or connive at their crimes.

Ren Jianxin said: We must sternly deal with those who dare to set obstacles to the struggle against fake and inferior goods and connived at, support, or shield criminal elements, no matter how high their positions are. Those who break the law must be investigated to determine their criminal responsibilities in accordance with the law.

Ren Jianxin made these statements at a conference on the trial of criminal cases in the higher people's courts of some provinces and municipalities which involve the production and sale of fake and inferior commodities. The conference opened today.

In recent years, rampant production and sale of fake and inferior commodities have become malignant tumors posing a serious threat to the development of our socialist economy. Large volumes of fake and inferior commodities of all kinds have appeared in society on a wider scale. Worse still, outlets integrating production, supply, and marketing of fake and inferior products have come into being, damaging the immediate interests of the state, the enterprises, and the vast number of consumers, and seriously obstructing the healthy development of our socialist economy.

Ren Jianxin said: The party Central Committee attaches great importance to severely cracking down on illegal and criminal activities involving the manufacture and sale of fake and inferior commodities, and has asked judicial, procuratorial, and public security organs to strictly investigate, deal with, and stop them. With the passing of the "Decision on Punishing Crimes of Producing and Selling Fake and Inferior Commodities," the National People's Congress [NPC] Standing Committee has provided the judicial organs with an effective legal weapon to crack down on fake and inferior commodities. We must recognize that the current activities involving the production and sale of fake and inferior commodities constitute not only an economic issue but a political issue as well. We must approach this issue from a strategic perspective.

Ren Jianxin proposed: We must win the people's trust by strictly enforcing the law and making earnest efforts to crack down on the production and sale of fake and inferior commodities. This is the key. Judicial courts in various localities must act in light of the local conditions, closely coordinate with the departments concerned, determine the focus of the attack, and launch the struggle against fake and inferior commodities in a timely fashion.

He emphasized: In waging this struggle, it is necessary to firmly oppose local and departmental protectionism as well as the practice of "substituting criminal penalties with fines." Those who break the law by manufacturing

and selling fake and inferior commodities must be handed over to judicial organs for investigation and determination of their criminal liability; under no circumstances is the matter be disposed of by a mere fine.

Ren Jianxin asked leading comrades at all levels to earnestly place the drive high on their agenda. He said: Top leaders must personally attend to this work and show a personal interest, particularly in major cases that have a big impact on the locality and that have aroused strong indignation among the masses. Every case reported by the news media involving the production and sale of fake and inferior commodities must be investigated thoroughly to determine the criminal responsibility if it constitutes a criminal offense.

Lin Zhun and Liu Jiachen, vice presidents of the Supreme People's Court, and a responsible person of the State Council office in charge of cracking down on fake and inferior commodities briefed the meeting on developments related to the crackdown at today's meeting.

#### **Minister Says 5 Percent of All Train Tickets Counterfeit**

*HK2407044093 Hong Kong SOUTH CHINA MORNING POST in English 24 Jul 93 p 8*

[Report by Geoffrey Crothall in Beijing]

[Text] Counterfeeters are defrauding China's Ministry of Railways of tens of millions of yuan each year. Groups of counterfeiters throughout the country are turning out millions of crudely forged train tickets which are then sold on the black market to prospective travellers, businessmen hoping to put a non-existent journey on expenses, or people trying to make money by "returning" their ticket for a refund.

"On most trains now, I would say up to five percent of the tickets held are forgeries," a ministry official said. "It is almost impossible to detect forgeries, particularly in hand-seat class, because tickets don't have seat numbers and they are usually so bent and dog-eared you can't make anything out anyway," the source said.

Unlike currency or securities, train tickets can be counterfeited easily and it is estimated there are hundreds, possibly thousands, of backroom forging operations around the country, mostly in the east of China where there is the greatest concentration of railway lines. There does not appear to be a large organized network of forgers. However, the many small workshops make it difficult for police to eliminate the problem.

"As soon as one forger's shop is closed down, another springs up somewhere else," an official in the ministry's security department said. "Besides, since each operation is so small, the police do not consider the forgery racket to be a major problem."

Often the only way to catch the counterfeiters is for station staff to spot the forgeries. One such officer

exposed a forging operation in Nanjing this month. Yang Jianlan, 47, alerted the authorities after a middle-aged man tried to get a refund for two Nanjing to Suzhou tickets priced at 12.50 yuan (about HK\$17) when the real price for the two-hour journey was 10 yuan. The authorities raided the man's hotel room and discovered more than 400 fake tickets with a face value of 8,200 yuan.

#### **Ministries Urge Fighting Crime During Flood Season**

*OW2607124793 Beijing XINHUA Domestic Service in Chinese 2149 GMT 29 Jun 93*

[By correspondent Yuan Jianjun (5913 1696 6511) and reporter Lu Yongjian (7773 3057 1696)]

[Text] Beijing, 30 Jun (XINHUA)—Preventive measures against floods have been carried out along all major rivers in the country as southern China's high-water season has started. However, according to relevant departments, crimes of sabotaging flood-control facilities have been rampant in some areas. In this connection, the Ministries of Water Resources and Public Security, in a recently issued circular, urged all localities to crack down on crimes of sabotaging flood-control facilities.

It has been reported that, from January to May 1993, flood-control communications lines along the Huang He basin in Shandong and Henan were sabotaged 12 times, and the damage is most serious in Huayankou, the most precarious section in Zhengzhou. Since March 1992, over 90,000 meters of flood-control communications cables were cut and stolen over 13 different occasions. Within a seven-day period, flood-control communications cables along the Huang He section in Dongming County, Shandong, were cut three times and 5,850 meters of cables were stolen. In Daxi village, Changcun Township, Changyuan County, Henan, lawless elements' removal of several thousand cubic meters of sand under the Huang He embankment has seriously undermined the embankment's safety. In Wuhu, Anhui, many places of the first-stage construction project of the city's flood-control wall along the Chang Jiang have collapsed as a result of the large amounts of sand some people have piled up there for illegal building projects. The dozen or so pieces of monitoring equipment at the Gedong Gauge Station in Fangshan County, Shanxi, were destroyed. Moreover, the frequent use of dynamite to blast fish in reservoirs, theft of flood-control materials, and assaults on flood-control personnel on duty have also seriously disrupted flood-control.

The circular urges all water conservancy and public security departments to immediately discharge their responsibilities to ensure high-water season security; to reinforce the guard force to ensure the safety of major flood-control facilities, river sections, flood control materials and communications facilities, and gauge stations; and to organize personnel to crack down on

sabotage. It says: Public security organs and armed police units in flood areas, in addition to assisting local governments in resettling flood victims and help them resume production, should resolutely punish lawless elements who disrupt social order by stealing, robbing, spreading rumors, inciting disturbances, fighting with weapons, or cheating people with feudalistic and superstitious ideas. Meanwhile, to ensure safe delivery of flood relief and relocation of the masses, control over traffic safety should also be intensified.

### **Editorial on Strengthening, Improving Macro Control**

*OW2507171193 Beijing XINHUA Domestic Service in Chinese 1327 GMT 25 Jul 93*

[26 July RENMIN RIBAO editorial: "Strengthen and Improve the State's Macroeconomic Regulation and Control"]

[Text] Beijing, 25 Jul (XINHUA)—Recently, in light of the need to develop the economy and deepen reform, the party Central Committee and State Council have put forward a series of policy measures to strengthen and improve macroeconomic regulation and control. These measures are entirely necessary and timely and have won the endorsement and support of all localities and departments across the nation, who are actively implementing them.

Our country has scored tremendous achievements in reform, opening up, and modernization, which have attracted worldwide attention. However, coinciding with rapid economic development, some new contradictions and problems have appeared, which if not promptly resolved, may lead to big ups and downs in economic construction and to missing good opportunities. Just as a car running at a high speed cannot ensure safety without brakes, our economy will inevitably function in disorder if it does not have strong state macroeconomic regulation and control. To consolidate and develop the good situation, it is imperative to strengthen and improve state macroeconomic regulation and control.

The system of state macroeconomic regulation and control is an important component of the socialist market economy. Even countries with a fairly developed market economy are also constantly perfecting macroeconomic regulation and control. China is a developing socialist country with relatively backward productive forces and uneven economic development. Our national conditions and the stage of economic development we are in demand that we pay more attention to strengthening state macroeconomic regulation and control.

China is in the transition to a socialist market economy. Some of the malpractices of the old system have not been eliminated, while the new system has yet to take shape. Market mechanisms are unable to fully play their role. In the course of retracking the structure, we need a series of corresponding structural reforms and policy adjustment. This will inevitably affect the economic foundation and

many areas of the superstructure. To successfully coordinate the overall relationship of interests of all quarters, we must attach great importance to strengthening and improving state macroeconomic regulation and control.

Strengthening and improving state macroeconomic regulation and control does not refer to resuming the old directive method adopted in the singularly planned economic system of the past. It is mainly the application of economic and legal means as well as essential administrative means that conform to the market economic pattern. We must regulate the supply and demand equilibrium, fund investment, social distribution, and regional disparity through interest rates, taxation rates, exchange rates, as well as price and industrial policies. It is necessary to standardize and restrict the behaviors of principal economies and the order of market activities through accelerating the legislation of economic work. We must adopt necessary administrative changes to solve the chaotic economic order. This is not to replace economic means, but rather, is to ensure correct implementation of economic means with administrative means. We must be bold to explore and practice as well as to continue to summarize the experience in strengthening and improving the state's macroeconomic regulation and control. We should also earnestly draw on and study advanced countries' successful practices which are in line with the rule of the market economy. We should use these practices by integrating them with concrete realities in China.

The measures recently adopted by the central authorities for macroeconomic control are mainly aimed at resolving, through economic means, outstanding contradictions and problems in the economy. Planning, finance, and banking are the major aspects in macroeconomic control. At present, the banking situation is fairly grim. It is imperative to improve the chaotic financial situation by consolidating banking order in a bid to guarantee rational orientation of funds, further optimize the industrial structure, and strive to achieve the basic balance of the total demand and supply of society. Adopting these measures does not mean an overall retrenchment or "uniformity in everything" [yi dao qie 0001 0430 0434] but rather, it means deepening reforms; changing mechanism; optimizing structure; increasing economic returns; and guaranteeing and promoting sustained, rapid, and healthy growth of the national economy.

Improving organization and discipline, strictly enforcing orders and prohibitions, and acting in unison are important guarantees for strengthening and improving the state's macroeconomic control. All localities and departments must enhance their awareness of the importance of overall situation, proceed from the general interest, and resolutely safeguard the unity, authority, and effectiveness of the government decrees of the central authorities so as to ensure the implementation of all measures. We should use Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to further unify our thinking. We should unwaveringly adhere to

the basic line of the party to push forward the cause of reform, opening up, and modernization drive.

### **Beijing To Speed Up Reform While Tightening Control**

*HK2507080093 Hong Kong MING PAO in Chinese 25 Jul 93 p 17*

[Report by special reporter Hsiang Chun (3276 0689): "Beijing Is Seeking Solution to Four Problems With a View to Accelerating Reform Amidst Macroeconomic Regulation and Control, Zhu Rongji Is Appointed Head of Leading Group for Financial Structural Reform"]

[Text] Beijing, (MING PAO) [dateline as published]—A report from the State Commission for Restructuring Economic System said China will not slow down its pace in reform because of the current "macroeconomic regulation and control." Just on the contrary, China is going to exercise "macroeconomic regulation and control" by means of reform, and speed up reform on the basis of "macroeconomic regulation and control."

In order to speed up reform, China's policymakers have decided to set up four task forces to seek solutions to four problems in the next stage of reform, namely, problems related to reform of the banking system, the financial structure, the investment structure, and the transformation of enterprise operating mechanisms.

The leading group for reforming the banking system has already been set up. Headed by Zhu Rongji and composed of officials from the banking sector, the State Commission for Restructuring Economic System, and the State Planning Commission, this leading group is working intensively to produce a complete reform program.

The leading group for reforming the financial structure has already been established as well. This leading group, headed by Minister of Finance Liu Zhongli, is composed of officials from the State Commission for Restructuring Economic System, the Ministry of Finance, and the State Administration of Taxation, and of some experts familiar with financial operations, who will work together to formulate a complete reform program.

It is said that a leading group for reforming the investment structure will also be established. With senior officials of the State Planning Commission as coordinators, this leading group is expected to be headed by Chen Jinhua, minister of the State Planning Commission.

The mission to transform enterprise operating mechanisms was initiated when Zhu Rongji was in charge of the production office of the State Council. After he was promoted to a higher position, Zhu handed over the office to one of his trusted partners, Wang Zhongyu, chairman of the State Council Economic and Trade Committee. The "Regulations" for transformation of enterprise operating mechanisms were formulated a year

ago, but little progress has been made and many difficulties have been encountered in the implementation of the regulations. Zhu Rongji recently issued an instruction, pledging to thoroughly implement the regulations. Information has it that Zhu Rongji has already realized that the "Regulations" can hardly be implemented alone without supporting reforms in such fields as banking, finance, and investment structure.

By the way, failure to carry out the reform of the political structure at the same time and the slow progress of organizational reform can turn out to be the greatest obstacle to the implementation of the "Regulations." Jiang Zemin, the CPC general secretary and PRC president, recently stepped forward to push for accelerated reform of government organization. It is said that this is an important step to expedite enterprise reform based on a common understanding between Jiang and Zhu.

The report revealed that Zhu Rongji has demanded that the above-mentioned four reform programs be formulated as soon as possible and submitted to the central policy-making stratum for discussion by September, so that these programs can be introduced by early next year. By then China will see another climax of reform since it was first launched 14 years ago. These programs are said to be the boldest steps taken in reform after the 4 June incident.

An authoritative economist in Beijing holds that reform has been much talked about these years but little action has been taken. The reform of the banking and financial structures in particular has lagged far behind economic development. The authorities just dare not take action to solve this "knotty problem" once and for all lest it should give rise to "unstable factors." For this reason, they would rather grant a great amount of "loans for safeguarding stability and unity" than take a bold step toward reform.

Now the problem is that the more one is afraid to take steps toward reform, the greater the chaos in the field of finance. As the central authorities' financial resources are diminishing daily, local authorities are keeping more and more wealth and becoming economically independent. Thus the central authorities have been crippled and have been losing their power in macroeconomic regulation and control. According to an informed source close to Zhu Rongji, Zhu used to be in charge of the industrial and communication sector in the past and seldom got involved in banking and finance. However, after he was promoted to become a member of the Standing Committee of the Political Bureau and executive vice premier in charge of economic work, Zhu has quickly realized that reform in the field of banking and finance had better be initiated earlier and carried out quickly.

Therefore, he first aimed at the banking sector, calling a meeting on banking; soon after that, he began to deal with the financial sector, calling a meeting on financial work. In the meantime, he has issued a firm order: The key task for the latter half of the year is to "stop the

chaos" or, in other words, to carry out macroeconomic regulation and control. The government is to straighten out the banking and financial order, strictly enforce discipline, and strengthen administration of taxation. Funds will be retrieved, kept under proper control, and appropriated efficiently.

At the same time, Zhu Rongji has realized that administrative orders alone, as a makeshift, can only score short-term results. The only solution that will solve the problems once for all is reform. Therefore, while pushing for "macroeconomic regulation and control" on the one hand, he is trying to "carry on the reform in depth" on the other hand.

During the "economic improvement and rectification" operation a few years ago, Li Peng simply resorted to administrative orders, without pushing ahead with reform. On the contrary, he even made reform "serve the economic improvement and rectification operation." The outcome of such practices was obvious to all.

Now Zhu Rongji's "macroeconomic regulation and control" operation means to work along both lines—consolidation plus reform, with the two aspects complementing each other. Of course, the outcome is unknown for the moment, but at least this practice is very popular since it goes with the tide of development.

The authoritative economist noted: In the latter half of the year, "macroeconomic regulation and control" will dominate China's economy; from next year onward, the main task will be to "expedite reform." Hence "macroeconomic regulation and control plus expediting reform" will be the "main guideline" for China's economic development for some time in the future.

#### Zhu Rongji Addresses Finance, Tax Meetings *OW2407083093 Beijing XINHUA Domestic Service in Chinese 1344 GMT 23 Jul 93*

[By RENMIN RIBAO reporter Li Jianxing (2621 1696 5281) and XINHUA reporters Ding Jianming (0002 1017 6900) and Xu Yaozhong (1776 5069 0022)]

[Text] Beijing, 23 Jul (XINHUA)—In his speech at a national financial work conference and a national taxation work conference that closed in Beijing today, Vice Premier Zhu Rongji of the State Council stressed: Currently the most pressing financial and taxation work is to rectify the financial and taxation order, quicken the pace of financial and taxation reform, carry out rectification through reforms, and accelerate reform on the basis of rectification. Zhu Rongji exhorted the vast numbers of staff members and workers on the financial and taxation front to work harder and to make greater contributions to implementing a series of measures of the CPC Central Committee and State Council on strengthening macro-regulation and control and to ensuring that the economy will develop rapidly and in a sustained and coordinated manner.

The national financial work conference and the national taxation work conference were simultaneously held in Beijing 20-23 July. Attending the conferences were directors of the financial and taxation departments (bureaus) of all provinces, autonomous regions, municipalities, and cities with provincial-level economic powers, as well as responsible officials of concerned departments of the State Council.

In his speech, Zhu Rongji first fully affirmed financial and taxation departments' good work and, on behalf of the party Central Committee and State Council, expressed his sincere thanks to the vast numbers of staff members and workers on the financial and taxation front.

Zhu Rongji said: Financial and taxation departments are important organs for the national economy's macromanagement. While working to support reform, opening up, and economic construction and while the current good situation is being developed, financial and taxation departments are also troubled by disorder, lack of discipline, and other prominent problems. Therefore, the financial and taxation front should apply itself to straightening out disorder and to carrying out reform. The specific work that the financial and taxation front should do is rectify the current financial and taxation order, tighten up financial and economic discipline, strengthen tax collection and management, and quicken the pace of financial and taxation reform.

On rectifying the current financial and taxation order and tightening up financial and economic discipline, Zhu Rongji said: First of all, we must have a clear idea of the financial and taxation order in line with the socialist market economic system. Some comrades think that arbitrarily reducing taxes and granting tax exemptions and offering preferential policies at will to enterprises constitute a kind of "reform" and "emancipation of the mind." Actually, this is a misconception. The fundamental requirement of a market economy is equal competition, and arbitrarily reducing taxes and allowing enterprises to retain more profits runs counter to equal competition and therefore is not in line with market economic principles. Administrative interference, responsible officials' personal desires, and subjective decisions are just a few typical ways of doing things under the traditional planned economic system. The market economy is a regularized economy founded on law; it does not allow us to do anything we like, and this is especially true for those in charge of work in specific areas. In practicing a market economy, we must be subjected to law, established regulations, and administrative discipline, as well as to the party and the masses' supervision. Zhu Rongji pointed out: Rectification of the financial and taxation order is not only a job of financial and taxation departments, but it implicates various social sectors. Therefore, in rectifying the financial and taxation order, we must have the whole society's support, especially the support of local party and government leaders at all levels. We should regard the rectification of financial and taxation order as a matter parallel

to building the socialist market economic system and to maintaining lasting political stability, and should ensure that the work is properly carried out.

On strengthening tax collection and management, Zhu Rongji said the basic task of financial and taxation departments is to collect taxes to ensure a sufficient fund for the country's financial expenditures. He pointed out: In the first half of this year, the growth of our financial revenue was far lower than that of the country's GNP computed using current prices. In addition to factors pertaining to the system and policy, the main reasons were that some departments overstepped their authority to reduce taxes and to grant tax exemptions, contracted turnover taxes, and did not collect and manage taxes seriously. All localities and departments should resolutely uphold the unification and seriousness of the state's taxation law and are not allowed to violate or change the state's unified taxation laws and regulations. All localities should immediately stop implementing and seriously straighten out their own policies on reducing taxes and granting tax exemptions that were established by overstepping their authority. Localities that approved without authorization the contracting of turnover taxes should immediately take corrective action.

Zhu Rongji also urged financial and taxation departments at all levels to strengthen the management of the "two funds" and other revenues, to properly conduct a general taxation and financial inspection, to ensure this year's state treasury bonds selling task is accomplished, to ensure the supply of funds for key state construction projects, to reduce general expenditures, to promote the spirit of building up the country through thrift and hard work, and to launch a campaign to increase production and revenues, to practice economy, and to reduce expenditures.

Zhu Rongji stressed that the most fundamental way to straighten out the current financial and taxation order is to deepen reform of the current financial and taxation system. He pointed out: The current financial and taxation system is a transitional system adopted at a time when the planned economy is being transformed into a market economy. All of the "overall rationing systems" and the systems of "apportioning the total amounts" [zong e fen cheng, 4920 7345 0433 2052] are outmoded systems that are not applicable under the market economy system. Reform of the financial and taxation system should meet the requirements of building the socialist market economic system and should follow the following four principles: First, we should sum up experience from our own practice and make use of the experiences of countries practicing a market economy to develop a new financial and taxation system. We should unify our understanding and draw up a plan to put this new system into use as soon as possible. Second, we should separate the central government's taxes from those of local governments and separately collect and manage these two groups of taxes. Third, on the basis of clearly defining each taxation organ's financial functions and powers and of further delegating to lower levels the

responsibility and powers of approving financial expenditures, we should classify taxes into various groups and ensure there is sufficient funds for the central government's necessary expenditures. Fourth, we should regularize the distribution relationship between the government and enterprises in accordance with "Standard Enterprise Accounting" and the "General Rules for Enterprise Financial Work".

Zhu Rongji seriously stressed the "three basic rules" to be observed by all financial and taxation departments and demanded that these departments strictly observe them. The three rules are: First, we should strictly control tax reductions and exemptions; no more new tax reduction and exemption policies should be adopted this year; temporary tax reductions and exemptions and measures in this regard adopted toward enterprises with difficulties should all be stopped. Enterprises whose tax reduction or exemption periods have expired should immediately begin to pay taxes as usual. All localities should follow the central authorities' instructions and immediately and resolutely stop implementing and straighten out the tax reduction and exemption policies they adopted by overstepping their authority. From now on, parties concerned and concerned responsible persons will be held responsible for granting tax reductions or exemptions without prior authorization. Second, financial and taxation departments should strictly control financial expenditures and stop asking for bank credit. We should carry out financial work according to resources available and should maintain a balance between revenue and expenditure. Financial deficits should be made up by issuing treasury bonds and not by making overdrafts from banks. Local budgets should be prepared strictly according to the "Regulations on the Management of State Budgets" and should not include any deficits. All localities are no longer allowed to make overdrafts from banks. Third, without the approval of the People's Bank, all financial and taxation departments and their subordinate organs are not allowed to engage in commercial financial businesses. All kinds of credit loans should be straightened out and those who lend public funds on usury should immediately correct their wrongdoings. All kinds of companies, especially financial companies, that are operated by financial or taxation departments should disassociate themselves from their respective parent financial or taxation departments within a specified period.

Zhu Rongji pointed out: Some problems that occurred in financial and taxation departments in the past emerged under given historical conditions. General cases involving the violation of established regulations or discipline will not be investigated as long as these cases do not involve any criminal laws and as long as parties concerned and concerned responsible persons strictly examine concerned cases, fully report the cases, accept their responsibility, and sincerely correct their mistakes. From now on, anyone who violates any of the aforementioned rules will be sternly dealt with.

Closing his speech, Zhu Rongji urged leaders of financial and taxation departments at all levels to enhance their ideological awareness, improve their work style, improve their organizational work, insist on "tightly gripping with two hands," firmly adhere to the basic line, strengthen ideological and political education, set a good example for others, and take the lead in observing the aforementioned three rules.

#### Comments on Financial Order

HK2407033093 Beijing CHINA DAILY in English 24 Jul 93 p 1

[By staff reporter: "Zhu Calls For 'Discipline' in Financial Mart"]

[Text] Vice-Premier Zhu Rongji yesterday called upon the financial sector to observe strict discipline as a precondition for rectifying the disorder in the country's money market.

According to Zhu, the "three disciplines" are:

- To immediately rescind tax breaks granted without approval from the central government. And the central government will offer no new tax reductions and exemptions this year.
- To strictly control the deficit. The State will rely only on treasury bonds to balance its budget rather than overdrawing from the central bank, while local governments and enterprises are also forbidden to make bank overdrafts.
- All financial departments must cut off business links with commercial enterprises established by themselves, and these firms should not conduct financial business without the approval of the central bank.

In stressing the urgency of restoring financial order, enforcing financial discipline and strengthening management of tax collection, Zhu warned of severe punishment for those who violate these disciplines.

Speaking at a national conference on finance in Beijing, Zhu said financial order is needed before the country can deal with the chaos in the financial industry.

Zhu acknowledged that problems, some glaring, have emerged in the industry as China marches toward a market mechanism.

"An effective market economy does not mean that everybody can do whatever he likes, in total disregard of disciplines," he said.

Some local governments offered tax reductions and exemptions without the central government's approval and some are even in competition to offer the most generous preferential policies to attract foreign investment.

"This is going against fair competition, which is the basic principle of the market economy," he said.

Zhu also asked that the management of tax collection and the issuance of treasury bonds be strengthened to ensure adequate revenue for the State.

The 3.5 percent growth in revenue during the first six months of this year is not enough to keep pace with the growth in gross national production, he said.

Zhu also said that the only way to lead the country out of its financial doldrums is to speed up and deepen the financial reform.

#### Taxation Department Head Discusses Tax Revamp

HK2407043093 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 24 Jul 93 p 1

[Report by Kent Chen]

[Text] A more equitable tax system cutting the differential in rates paid by domestic and foreign enterprises, is to be introduced in China. The aim of the move, which may end tax advantages for foreign investors, is to create a more level playing field, according to a senior government official. Speaking at a conference in Dalian, head of Taxation Department under the Ministry of Finance Han Shaochu said the country's existing tax preference policies would be overhauled.

Excessive tax reductions and exemptions had resulted in the dramatic shrinkage of tax base and loss of tax revenues, he said. Under the existing system, introduced in early 1980s to attract foreign investment, domestic enterprises and those with foreign interests are taxed at a different rate. Most domestic enterprises now pay a 55 percent corporate tax rate, while foreign companies are supposed to pay 33 percent. But in the special economic zones, the official rate is only 15 percent and many firms are exempt for five or more years.

"A unified tax system which is conducive to encouraging fair competition among all kinds of enterprises, no matter whether they are domestic or foreign, should be introduced as soon as possible," said Mr Han.

The government believes the tax reduction and exemption policies has cost it as much as 310 billion yuan (about HK\$418 billion) between 1981 and 1990. Officials have warned that if these continue, the government will not be able to exercise effective control over the economy because of a lack of resources.

Mr Han said the main principles of future reform were to unify and simplify the tax system to encourage fair competition and strengthen government's macro-control ability. The tax structure should be optimised to make the whole system more efficient, he said. A more reasonable distribution relationship between central and local governments would also be sorted out, he added.

"In accordance with international practice, we should gradually establish a unified profit tax system," said Mr

Han. As a first step, there will be a profit tax applicable to all domestic enterprises. Later, a unified system for domestic and foreign enterprises will be introduced.

Turnover taxes, consisting of value-added tax, product tax and business tax, will be revamped in favour of a cover-all system that would efficiently distribute resources. The current income tax and the re-adjusting tax on individual income, will become a single item. Local authorities' power to collect taxes will be strengthened. New business activities, including stocks transactions and the transfer of real estate ownership, will be subject to taxation.

### Move Against Local Tax Breaks

*HK2507064593 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 25-31 Jul 93 p 8*

[Article by Wang Yong and Wei Ling: "Blitz To Eliminate Tax Breaks"]

[Text] China is to unify its national taxation policy—currently undermined by free-wheeling local tax breaks—in a move to staunch the hemorrhaging of State revenue.

State Taxation Administration Director Jin Xin reaffirmed in Beijing last week that China would launch an inspection campaign next month to screen out undue local tax give-aways.

His remarks reflected fears among the country's leadership that huge tax losses would foil the government's ongoing efforts to rectify the financial chaos that has resulted from runaway investment and over-consumption.

Incomplete statistics show that China each year loses more than 100 billion yuan (\$17.2 billion) in State revenue because of tax evasion and fraud.

Still, China has failed to tap copious "invisible" individual income (such as that earned by moonlighting) which should have been taxed.

However the focus of last week's national taxation conference was local tax reductions given to foreign investors.

Tax losses have put the country's industrial and commercial tax growth rate far below that of the national industrial output in the first half of this year.

Industrial and commercial tax revenue grew by 12.4 percent to 141 billion yuan (\$24.31 billion), while industrial output grew by 25.1 percent.

Finance Minister Liu Zhongli said major tax evaders have been private businesses and foreign-funded enterprises. Fraud in the country's export refund programme has been another key problem.

Liu said China would pay special attention to screening the taxation performance of insurance and securities

companies, non-banking financial institutions, real estate companies, large foreign trade companies, shareholding companies, tourism and entertainment companies as well as petrochemical, non-ferrous metals and metallurgical companies.

Law enforcement authorities, suspected of corruption, will also be under tougher supervision.

But some analysts said the battle against tax losses would be watered down if local authorities continue to disregard it.

Liu urged local government to cut out their illegal tax breaks as he reaffirmed that increased tax revenue is the precondition for keeping this year's deficit within the 1993 budget limit.

He said the current difficulties in putting in China's fiscal house in order have created a pressing need for a strengthened management of tax collection and a slash in government expenditure.

Liu asked local governments and ministries to cut expenditures for meetings by 20 percent from the budgeted figure. National administrative expenses increased 27.1 percent in the first half of this year compared with the same period of last year.

Government imports of cars and expensive office equipment will be under strict control in the later part of this year, Liu said.

### 'Seeking Progress Steadily' To Join GATT

*HK2307132593 Hong Kong HSIN PAO in Chinese 23 Jul 93 p 27*

[("Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429): "China Slows Pace To 'Rejoin GATT'"]

[Text] In this column on 25 December 1992, I reported that, after the 14th party congress had clearly raised the main goal of reform as establishing a socialist market economy, a strong "craze for rejoining the GATT" appeared; that is, a craze to restore China's status as a signatory to the General Agreement on Tariffs and Trade. However, some GATT experts in China advocate that China "should not rejoin GATT hastily," and party elder Chen Yun proposed the principle of "seeking progress steadily" for rejoining GATT, holding that the power to decide on GATT matters is still in the hands of the big American and European countries, who have very clear political considerations; that rejoining GATT will not bring an economic miracle to China instantly, but will probably bring negative influences; and that in freeing China from the repercussions of rejoining GATT, there is still a great deal of work to be done, and, therefore, it is not suitable to rejoin GATT hastily.

### Chen Yun's "Seeking Progress Steadily" Praised

According to informed sources in Beijing, the setbacks suffered by China since it started its bid to rejoin GATT and the recent economic fluctuations in the country have caused senior persons in the CPC to feel that Chen Yun's principle of "seeking progress steadily" is more correct.

It is seven years since July 1986, when China filed an official application to restore its status as a signatory to GATT. Excluding the discontinuation of negotiations for nearly three years after the 4 June Incident, official talks have been conducted for more than four years. In March 1987, GATT's executive committee established a China work team, which has been working for more than six years. According to customary practice, talks on rejoining GATT have to go through three stages: Examination and assessment of China's foreign trade system, drafting a protocol on the rights and obligations to be performed by China as a GATT member, and reductions and waiving of tariffs. At present, the first stage of talks has basically been completed. The work of the second stage is being done, the framework of the protocol on China rejoining GATT has been formed, and the current talks have proceeded to discussion on the concrete details of a comprehensive list of problems concerning the protocol. The third stage, that is, tariff and nontariff negotiations between China and the various signatories, has already started. That is to say, although talks on rejoining GATT have experienced many difficulties and twists and turns, they have entered a substantive stage anyway.

At the same time, at the 14th meeting of the China work team, which ended on 28 May, China announced two policies: First, in agriculture, China announced it would not seek special exemptions any longer, would implement agricultural development policy within the domain stipulated by current GATT regulations, and would actively participate in the Uruguay Round on reducing and waiving farm tariffs; second, in the area of foreign exchange policy, China promised to practice a unified price quote system at foreign exchange swap centers within the year and said it would merge the dual exchange rates and create the basic conditions for realizing free exchange of the yuan within five years. In this situation, the United States and the major Western countries who are signatories to the GATT, and who until March still claimed that there was no substantive progress in the talks to restore China's GATT membership to force China to pay a high price to rejoin GATT, changed their passive attitude and said that these two important measures by China were positive measures to meet the GATT line, indicating a possibility that the talks to restore China's GATT membership would be brought forward. Despite all this, there is still a possibility that, during future talks with China, the United States and the major western signatories will raise conditions which are hardly acceptable to China.

Persons in economic and trade circles in Beijing pointed out that, just as Chen Yun expected, the main obstacle to

restoring China's GATT membership are not economic factors but political factors. If the United States and the major western signatories continue to give China a hard time, then there is still a difficult road for China to travel before it can rejoin GATT.

### Zhu Rongji Also Says Haste Makes Waste

The informed source said that Zhu Rongji, vice premier of the State Council and member of the Standing Committee of the CPC Central Committee Political Bureau, presided over a State Council meeting on 29 June and stressed the need to overcome impetuosity in rejoining GATT. He implied that, on the rejoining GATT question, haste makes waste.

Zhu Rongji thinks that the first thing to do is to understand the advantages and disadvantages of rejoining GATT. People should not expect that once China has rejoined GATT it will not have to debate most favored nation trade status with the United States, or that other international trade problems will be easily solved, as this is wishful thinking. Rejoining GATT does not mean one can automatically enjoy the benefits of GATT; it only provides a chance to compete according to certain rules. In addition, rejoining GATT depends on the availability of internal and external conditions. Judged from the external situation, the United States and the major western signatories are still using problems arising from our reform, opening up, and economic development to set up obstacles. Judged from the internal situation, the recent economic fluctuations reveal some problems in our monetary, financial, taxation, and foreign trade systems, where reforms must be deepened to conform more to the standards of international economic operations. It is estimated that reform in this area will take 18 months, and if there are no serious setbacks or fluctuations, China's conditions for rejoining GATT will become more mature in 1995. By then, the United States and the West will hardly be able to find any more excuses.

The informed source also said that Li Peng, member of the Standing Committee of the CPC Central Committee Political Bureau and premier of the State Council, wrote an article entitled "Create Famous Brands Products, Improve International Competitive Ability," which was carried in ZHONGGUO MINGPAI [CHINA'S FAMOUS BRANDS] magazine this year; he proposed that, in rejoining GATT, "opportunities and challenges coexist." So-called opportunities means more markets can be explored for exports, and there is great potential in foreign trade and economic and technological cooperation; so-called challenges mean that tariffs will have to be reduced and more market concessions made. The article stressed that to attract foreign capital, it is necessary to concentrate strength to develop a number of quality and famous products.

### Experts Advocate Creation of Internal Conditions First

Persons in economic and trade circles in Beijing point out that Li Peng's viewpoint had been mentioned earlier

by some GATT experts in China, and that Li Peng's raising of the issue implies the intention of adopting it as national strategy. This would convey the following message: Have an overall view on the restoration of GATT membership, create conditions for restoring GATT membership, and do not restore GATT membership hastily if the conditions are not ripe.

The informed source also said that many senior persons in the CPC advocate that there is no need to rejoin GATT hastily. In March, at the First Session of the Eighth National People's Congress, then Vice Premier Yao Yilin and State Councillors Li Guixian, Wang Binqian, Li Tieying, and Chen Junsheng, signed jointly a letter to the CPC Central Committee Political Bureau and the State Council, suggesting the advantages and disadvantages of rejoining GATT must be judged from the country's conditions, that the current economic system and regulations should not be abolished blindly to rejoin GATT, that up to now GATT was still dominated by the United States and is an important aspect of U.S. foreign strategy, and that one must not believe that the United States is philanthropic and truly willing to create an environment for China to develop its economy. Therefore, it is inappropriate to rejoin GATT hastily.

According to statistics provided by the relevant quarter, if China rejoins GATT now, over 30 percent of state-owned enterprises will close or half of their operations will cease within two years, and 15 million staff and workers will lose jobs or change professions; inflation on daily goods will exceed 20 percent, the yuan will depreciate by 50 to 150 percent on an irregular basis; foreign exchange reserve may be exhausted; and foreign debt could exceed \$100 billion.

An expert on the GATT in Beijing held that it was a wise move by the senior level of the CPC when it proposed to slow down the pace to rejoin GATT, while trying to improve the financial order. Judged from China's actual economic conditions, China will face a grim test when it seeks to rejoin GATT. The United States and the major signatories will certainly give China a hard time if China does not have a number of competitive and well-known products and a number of capable GATT personnel, and, in particular, when it has yet to establish a market economy system which is in accordance with international operating standards. The repercussions brought about by rejoining GATT, including its negative impact, are hard to predict.

#### **7-Year Investment in Technology Set at \$30 Billion**

HK2407061293 Beijing ZHONGGUO XINWEN SHE  
in English 0507 GMT 24 Jul 93

[Text] Beijing, July 24 (CNS)—China's Ministry of Foreign Trade and Economic Cooperation has for the first time set out the state's important basic and technological items for the next seven years. The items involving 23 industries are expected to cost the state US\$30 billion.

Some 210 important technological items involve agriculture, energy, transport, posts and telecommunications, chemical industry, light industry, infrastructural construction, electronics, environmental protection, education, medicine, construction materials and forestry. All of the items mainly include the importation of complete sets of equipment, key facilities and complete instruments. The source of the capital needed will include state foreign exchange, foreign exchange raised by departments and localities, foreign loans, loans from international financial organizations and international commercial loans.

All of the items to be introduced have been approved by the Chinese Government and have been included in the state plan. Most of these items are infrastructural facilities and industries and are items including agriculture, energy and transportation, are key areas and are encouraged by the state and given priority in their development.

It has been pointed out that the reason this information has been made public is to strengthen transparency of the state's foreign trade policy and is seen as a practical step in the country's bid to reenter the GATT. In addition, it will serve as useful information for foreign businessmen.

#### **Bank To Distribute 'Large Package' of Export Credits**

HK2507063593 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 25-31 Jul 93 p 2

[Article by Wang Yong: "Credits To Aid Export Industries"]

[Text] China's leading foreign exchange bank, the Bank of China, will distribute a large package of export credits later this year to finance the country's high-value-added exports.

Apart from the planned \$100 million in export buyers' credit this year, the bank will earmark more than 1 billion yuan (\$172 million) in export sellers' credit in the latter half of this year.

"The money will mainly bolster exports of machinery and electronic products that enjoy good economic returns," Chai Huizhong, deputy general manager of the bank's No. 1 credit department, told Business Weekly in an interview.

The bank's decision is an indication of the country's intensified efforts to bolster its exports, which registered a subpar growth rate in the first half of this year.

According to Chinese Customs, exports climbed 4.4 percent in the first six months to \$37.15 billion.

Vice-Premier Li Lanqing has vowed to guarantee sufficient funds to support exports.

Chai revealed that the Bank of China would sign two agreements soon to provide export buyers' credit.

One is \$30 million for the export of two power units with a capacity of 25,000 kilowatts each to Indonesia.

The other is \$50 million for the export of equipment systems for five cement factories to Iran.

Chai added that more Chinese companies are ready to take advantage of the bank's export buyers' credit.

The projects include underground electric cable equipment to Indonesia, eight fishing ships to Peru, three multi-functional river container ships and three river passenger ships to Bangladesh, power generation equipment to the Philippines, two 22,000-ton container ships to Hong Kong and agro-machinery to Myanmar [Burma].

The bank's move responds to the central government's call to export more high-value-added manufactured goods, especially machinery and electronic products.

It plans to allot \$100 million each year during the Eighth Five-Year Plan period (1991-95) for that purpose.

The first deal was made last December when the bank provided \$20 million for the export of two multifunctional container ships.

The same month saw the second deal clinched for the export of 400 buses.

The bank's export sellers' credit business began in 1980.

Until now, the bank has forked out 9.51 billion yuan (\$1.64 billion) in sellers' credits to finance more than 300 export projects, which has helped reap more than \$5 billion in export income.

The sellers' credit has mainly supported China's exports of ships to more than 20 countries and regions, including Hong Kong, Southeast Asia, Norway, Belgium, Germany, Italy, the United States and Australia.

Equipment using such credit has been exported mainly to Pakistan, Thailand, Bangladesh and the Philippines.

Moreover, the credit has financed the export of planes and other hi-tech products.

Chai said the Bank of China would continue to expand export credits in the future to bolster the country's exports.

The export sellers' credit goes to Chinese exporters. The buyers' credit goes to foreign importers.

#### Statistics Show Increase in Machinery Exports

HK2607030393 Beijing CHINA DAILY in English 26 Jul 93 p 2

[By staff reporter: "Machinery Exports Up by 9.7 Percent"]

[Text] China exported \$8.77 billion in machinery and electrical products during the first half of this year.

The figure, representing a 9.7 percent rise over the same period last year, accounted for 23.6 percent of China's overall exports of \$37.15 billion during the January-June period, according to Customs.

Exports of machinery and electrical products have long been encouraged by the government because they are high valued-added items.

During the period, such exports were mainly conducted through general, processing and barter trade. About \$110 million of goods were sold abroad through barter trade.

At least a third of the exports were generated by foreign-funded enterprises, which sold \$3.12 billion worth of machines and electrical products abroad during the January-June period.

Another dynamic exporting force was China's five special economic zones, which supplied about \$2.1 billion worth of machinery and electrical products, accounting for 23 percent of the total.

Of the five SEZs, Shenzhen exported \$1.48 billion worth of machinery and electrical products, Zhuhai \$250 million, Xiamen \$220 million, Shantou \$60 million and Hainan \$40 million.

China's major export goods included various tools, electrical fans, textile machinery, sewing machines, metal processing machine tools, telephone sets, television sets, automobiles and parts, watches and cameras. China exported more of these products in the first half of this year than the same period last year.

However, exports of cassette tape recorders, radios, stereo gadgets, cables and wires, bicycles and ships decreased.

The major markets of Chinese machinery and electrical products are Asia, North America and Europe.

In Asia, China sold about \$4.9 billion in products by June. Hong Kong alone bought about \$2.6 billion. Japan bought \$860 million and Singapore and Taiwan each purchased \$200 million.

Shipments to the United States rose tremendously to reach \$1.8 billion, an increase of 185.7 percent over the first half of 1992. Those to Canada were valued at \$130 million.

Exports to the European Community also grew fast to reach about \$1.3 billion, up 184.4 percent. Exports to other European countries reached \$1.51 billion.

**Official Sees Export 'Surge' Later in Year**  
**HK2507044093 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 25-31 Jul 93 p 1**

[Article by Wang Yong: "Export Surge Ahead; Official Predicts Export Growth Rate Will Surpass 11.8 Percent"]

[Text] China's exports will shake off their recent lethargy later this year as the country's current macro-level economic reconfiguration takes effect, according to a top Chinese trade official.

Liu Xiangdong, assistant minister of Foreign Trade and Economic Cooperation, predicts the export growth rate throughout 1993 will surpass the planned 11.8 percent, despite certain snags, like price hikes, that are ballooning export costs.

If his forecast is accurate China's export volume this year will hit more than \$95 billion, up from \$85 billion last year.

Liu told Business Weekly in Beijing last week that the recovery would be strong.

The country's exports have been teetering since the beginning of this year when runaway investment and credit fuelled domestic consumption.

In the first six months, exports posted a puny increase—at least by recent standards in China—of 4.4 percent to \$37.15 billion, according to Chinese Customs.

Imports, on the other hand, jumped by 23.1 percent to \$40.69 billion.

The lacklustre export figures dragged down the overall foreign trade growth rate to 13.4 percent.

In the same period, China's GNP grew by 14 percent, while industrial output jumped by 25.1 percent.

"Such a subpar performance in exports has been rare in the past few years," Liu said.

But he predicted the GNP and industrial output would see moderate growth in the second half of this year, giving a fillip to export momentum.

"There will be a contraction in domestic capital construction and overseas sales will regain ground," he added.

Moreover, the government has promised to guarantee sufficient funds for exports.

Liu said exports, together with agriculture, key manufacturing ventures and key construction projects, would be priority areas that would be guaranteed adequate funding.

The Bank of China, the country's major foreign exchange bank, plans to earmark a considerable amount of export

credits to support the country's exports of equipment systems and other high value-added products later this year.

Liu said the country's poor export performance in the first half of the year boiled down to four reasons:

Firstly, excessive growth in capital construction and production lured away exporters to hectic domestic sales.

Therefore, the supply of major raw materials for export, such as crude oil, oil products, steel products and cement, were diverted to the domestic market.

A number of State-run foreign trade companies, keen on business diversification to improve their economic efficiency, have diverted their attention to non-export activities.

Secondly, soaring domestic demand for these materials, whose prices have been largely market-regulated, hiked up export costs.

Thirdly, the increase in export credits fell short of export volumes.

Lastly, the devaluation of the renminbi sent domestic manufacturing costs spiralling up.

Liu said the country's move to retool its economy (including reining in runaway investment to allocate money where it's most needed) has been rewarded.

"Exporters have begun to refocus their efforts on overseas sales because domestic markets are contracting," he said.

The import growth rate, which was 23.1 percent in the first half of this year, will also taper off, freeing up the supply of foreign exchange, he forecast.

But that does not mean a reduction of imports.

"Rather, we'll strengthen imports to guarantee the construction of key projects," he explained.

China's heady domestic demand and a consequent rise in imports sent the renminbi plummeting against the U.S. dollar on the country's swap markets.

Liu predicted the yuan will continue to rally strength before it becomes stable.

China has said its foreign trade volume would total \$200 billion by 1995. That may not be hard to achieve.

China ranked 11th in the world in terms of exports last year, and it is endeavouring to make further progress.

Vice-Premier Li Lanqing has called for exploration of the markets in the Commonwealth of Independent States, Eastern Europe, East Asia, Africa and South America, while consolidating the country's presence in Hong Kong and Macao, the United States, Japan and the European Community.

**Motor Vehicle Industry Named Pillar of Economy**  
*OW2407091593 Beijing XINHUA in English 0829  
GMT 24 Jul 93*

[Text] Beijing, July 24 (XINHUA)—China has decided to list the motor vehicle industry as one of the pillars of its national economy.

A government official said that the state plans to boost the motor vehicle output to three million a year over the next ten years or so. Included will be 1.5 million sedans.

China's motor vehicle industry has developed steadily in recent years by co-operating with foreign counterparts in upgrading its technology and equipment.

A survey report shows that the industry has imported more than 200 items of technology for manufacturing motor vehicles, absorbed a large amount of funds, and built 120 foreign-funded enterprises over the past decade.

The industry turned out 1.06 million motor vehicles last year, and many varieties have reached the international standard of the 1980s.

The official noted that China has altered the industrial structure of the auto sector, with the focus now on sedans and their parts.

At present, the No. One motor vehicle group company in Changchun, capital of Jilin Province in Northeast China, is able to produce 30,000 Audi sedans a year. It is building a production base able to turn out 150,000 such sedans annually.

The No. Two motor vehicle plant in central China's Hubei Province is building a sedan production base, and other motor vehicle companies are increasing sedan production.

Last year China turned out 160,000 sedans, accounting for 15 percent of the total auto production. The proportion of sedans in the country's total of motor vehicles will rise to 30 percent by 1995, according to the official.

Meanwhile, the industry plans to set up a funding organization to centralize and better monitor the use of funds raised at home and abroad so as to better use the funds, develop share-holding enterprises and gradually form motor vehicle industrial group companies.

**Car Import Center To Help Smuggling Crackdown**  
*HK2507051293 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 25-31 Jul 93 p 1*

[Article by Chang Weimin: "Car Import Centre Aims To Stabilize Prices"]

[Text] The newly-created China Trade Centre for Automobile Import, a State-chartered firm with a monopoly on import licenses, is seeking business opportunities overseas.

A trade mission to explore opportunities for overseas auto purchases is expected to be kicked off later this year.

This move is in line with the latest central government policy to strengthen controls on car imports. The aim is also to crack down on car smuggling.

The mission will select trading partners among automakers. However, trade volume will be decided in accordance with the needs of the domestic market and the amount of foreign exchange available.

The centre, which has paid close attention to price and production fluctuations in the international automobile market, will have no brokers standing between it and foreign automakers, said an official with the centre, who declined to be named.

In an interview with Business Weekly, the official said his centre enjoys strong support from government bodies, such as the Customs General Administration, the Ministry of Finance, the Ministry of Foreign Trade and Economic Co-operation and China's major banks.

The centre is expected to supply vehicles for the domestic market, stabilize the market and indirectly promote development of the country's automotive industry.

The official did not rule out the possibility that imports would be increased to meet rising demand on the domestic market.

Chinese automakers produced 160,000 passenger cars in total in 1992 and are expected to turn out 300,000 this year.

As a result of the centre's role in the purchasing of imports, prices and supply on the domestic market should stabilize.

China has imported some 500,000 passenger cars over the past 12 years. But the imports were brought in by the government and used by government departments, so they didn't have a big impact on market prices.

Cars to be imported through the centre will be sold to Chinese customers for foreign currency through 104 carefully chosen trading spots.

The government-approved trading spots, with their capital and handling capacity verified, are required to sell imported cars directly to customers, cutting out profiteers who might speculate on them, the official said.

Two national automobile trading corporations are to share the business of handling vehicles shipped from overseas.

Early in August, the trading network, co-ordinated by the centre, is expected to go into operation.

The first batch of the 14,000 vehicles China bought from the three American auto giants—General Motors, Ford

and Chrysler—earlier this year will arrive on schedule on August 7. The vehicles are to be shipped in five batches.

### **Government Issues More Patents to Foreign Inventors**

**HK2607023793** *Beijing CHINA DAILY* in English 26 Jul 93 p 1

[By staff reporter Yuan Zhou: "More Patents for Foreign Investors"]

[Text] China awarded more than 3,200 patents to overseas inventors in the first half of this year.

The figure is a 100 percent increase over the same period in 1992.

It included 848 awards to applicants from the United States, 834 from Japan, 246 from Germany and 167 from the Netherlands, according to the China Patent Office.

The combined total of domestic and foreign awards was 36,250—a 168 percent increase.

The increases are signs that Chinese patent officers have been speeding up the examination and award processes.

Meanwhile, figures also indicate a dramatic rise in the number of overseas applications for Chinese patents between January and June.

There were 3,957 foreign application in that time, a rise of 71 percent over the same period last year.

And total applications for Chinese patents rose 35 percent to 39,305.

The United States, Japan, and Germany continued to make the highest number of international applications under China's amended patent law, which came into effect this year.

Gao Lulin, Director General of the China Patent Office, said the rises were important as there was virtually no increase in foreign applications in 1992.

The new patent law, with an international-standard protection level, has proved attractive to domestic and foreign inventors, he said.

It has extended the protection period for inventions and expanded patent rights for production processes to include their and products.

It also protects chemicals and medicines.

Without effective patent protection, it would be difficult, perhaps impossible, for China to increase its imports of foreign capital and technology, Gao said.

Since it was only a "matter of time" before China resumes its membership of the General Agreement on Tariffs and Trade, Gao urged Chinese enterprises to

apply as soon as possible for patents to have legal protection for their technologies.

Most Chinese owners of new patents are in Beijing and coastal provinces for Guangdong, Shandong, Jiangsu and Liaoning.

### **Financier on Banks' Role in Foreign Exchange Trading**

**HK2507060093** *Beijing CHINA DAILY (BUSINESS WEEKLY)* in English 25-31 Jul 93 p 1

[Article by Ren Kan: "Buck Up the Yuan, Expert Says"]

[Text] A senior Chinese financier has called for stabilization of the foreign exchange rate on China's swap market to ensure steady economic development.

"It is a pressing matter to stabilize the rate," said Tao Limin, deputy director of the International Finance Research Institution under the Bank of China.

Although the yuan has enjoyed a sharp appreciation against the U.S. dollar in the swap markets since the end of last month, there still exists a strong speculative atmosphere, so the government must strive to increase the foreign exchange traders' confidence in the yuan, he said.

The government should intervene in the market consistently, Tao said.

He said the major force for stabilizing the rate should come from economic measures, such as tightening credit and the money-supply, instead of mandatory measures.

The government's mandatory measures can only have a short-term effect on the market exchange rate and may sometimes disrupt the market, he said.

During the past six months, the government has launched some mandatory measures, like setting a ceiling price in the swap markets.

But the effect of these measures have been offset by traders who take other routes, such as under-the-table trading.

Tao said it is crucial to control the total amount of renminbi in the foreign exchange swap market in the future to stabilize the rate.

He said the stabilization of the foreign exchange rate will be supported in the next two months when new measures to bring about financial order take effect.

He called for speedier reform in the country's foreign exchange market, adding the most important thing at present is to clarify the role of banks in the swap market.

Banks should be the major force in foreign exchange trading. In co-operation with the central bank, commercial banks should bear the responsibility for stabilizing the exchange rate.

At present, the banks play the same role in the market as industrial and trading firms.

Tao said the industrial, commercial and trading firms should gradually stop trading directly in the swap market and let the banks assume that role. Their foreign currency requirements can be ensured through the domestic and foreign exchange service supplied by banks.

The formation of such a foreign exchange market will make it possible to stabilize the yuan's rate over the long run, Tao said.

### Agriculture Bank Sees Rapid Personal Savings Growth

OW2607120293 Beijing XINHUA in English 1121  
GMT 26 Jul 93

[Text] Beijing, July 26 (XINHUA)—This year's second interest rate rise on July 11 triggered a 5.1 billion yuan expansion in personal savings in the Agriculture Bank of China (ABC) between July 11 and 20.

The figure, 3.4 billion yuan more than for the same period last year, represents the fastest growth ABC has ever witnessed in personal bank accounts since its establishment in 1980.

It also brought ABC's private deposits to a total of 540.8 billion yuan by the end of July 20, according to ABC sources here today.

The ABC sources said the big increase in personal bank savings indicates that the growth of personal deposits has returned to normal, thanks to the central bank's two interest rate rises this year.

China's interest rate for bank savings rose by an average of four percentage points through the two interest rate rises this year, one in mid-May and the other on July 11.

Now the interest rate for a one-year term of deposit stands at 10.98 percent.

The ABC sources said that improved banking service has also contributed to the increase in deposits.

ABC President Ma Yongwei demanded that ABC branches across the country continue their efforts to attract more personal savings and at the same time strictly implement the interest rates set by the central bank.

### Minister on Implementation of Enterprise Rules

HK2307145593 Beijing RENMIN RIBAO in Chinese  
22 Jul 93 p 2

[Article by Wang Zhongyu (3769 1813 4416), minister of State Economic and Trade Commission: "Implement Unswervingly the Regulations on Changing Operational Mechanisms of State-Owned Industrial Enterprises"]

[Text] The State Council's "Regulations on Transforming Operational Mechanisms of Industrial Enterprises Owned by the Whole People" have been promulgated and implemented for a year. Over the past year, all localities and departments and the vast number of enterprises followed the requirements of the "circular" issued by the CPC Central Committee and the State Council and took implementation of the "Regulations" as a central task. Marked progress was made in fixing enterprises' business operations and management powers, transforming the government functions, establishing the market system, and developing the social insurance system. In general, the work of transforming operational mechanisms has developed healthily, and things have developed in a favorable direction. We should further enhance our understanding according to the Central Committee's recent requirement on continuing to implement the "Regulations" and actually carrying out the "Regulations" to the letter.

### The "Regulations" Are Administrative Regulations Which Must Be Implemented Seriously

The "Regulations" are the crystallization of the enterprise reform experience of the previous 13 years, and the concrete manifestation of the state's will. They are important regulations for improving state-owned enterprises and provide a legal guarantee for the transition of enterprises in our country from the planned economy structure to the market-economy structure. Practice in the past year shows that the "Regulations" have become a legal weapon for enterprises to obtain self-management powers and also a driving force to promote changes in the functions of government departments and accelerate the construction of the market system and the social insurance system. However, at present, some people still do not attach importance to the "Regulations," the administrative regulations formulated in the light of the "Enterprise Law," and do not deeply understand the "Regulations." They are perfunctory in implementing the "Regulations" and the provisions explicitly specified in the "implementation rules" formulated by various provinces and municipalities under various pretexts and in various forms. Some departments just wait idly for measures laid down by the upper authorities, for policies worked out by the comprehensive economic departments, and for the completion of functional changes in institutional reform. Some departments think that implementing the "Regulations" is a matter for the Economic and Trade Commission (or Economic Planning Commission), the Economic Restructuring Commission, and relevant enterprises, and is not related to them. This shows that some comrades still do not have a strong sense of law and have not yet placed the Regulations in a position merited by administrative regulations.

The "Regulations" are administrative regulations which must be implemented earnestly. In a certain sense, the market economy is an economy governed by law. In a situation where there is no law to follow, or laws are not observed, or law enforcement is not strict, it is impossible to establish a market economy. The Regulations are

suites to the needs of a socialist market economy and provide legal grounds and guarantees for turning enterprises into market actors and for institutional reform and functional changes to government departments in order to meet the needs of such a transition. Although the "Regulations" were produced at a specific stage of in-depth reform, this does not affect their seriousness as state administrative regulations. No matter how you view the "Regulations," you must carry them out resolutely. No one is allowed to defy the "Regulations" by going their own way to seek partial interests. Some departments do not agree with certain provisions of the "Regulations" and refuse to carry out such provisions. This is obviously wrong. Refusing to carry out the "Regulations" and violating the "Regulations" is illegal behavior, which will cause the responsible people to bear legal responsibility. This is the solemn and compulsory nature of the "Regulations."

#### **Correctly Implementing a Number of Relationships in the Implementation of the "Regulations"**

The "Regulations" represent the continuation and extension of enterprise reforms that have been carried out for more than 10 years in our country. Implementing the "Regulations" and transforming enterprise operational mechanisms are steps that must be taken in the course leading to a socialist market economy. Because implementation of the "Regulations" is related to things in various fields, the following relationships should be properly handled in our current work.

First, we should properly handle the relationship between the implementation of the "Regulations" and economic development. Reform and opening will greatly promote the development of economic construction in our country, and the development of economic construction will in turn create conditions for the further deepening of reform. At the current stage, the central link of the economic structural reform is enterprise reform, and the key to enterprise reform lies in the transformation of enterprises' operational mechanisms. Therefore, the implementation of the "Regulations" is a step of reform. To seek economic development, we should conscientiously carry out the "Regulations." In a previous period, some leading comrades did attach importance to the implementation of the "Regulations" and also did some work in this regard. However, they did not take this as a central task and relaxed their efforts after some intensive work over a certain period. This affected the progress of the implementation of the "Regulations." We should, according to the requirements of the Central Committee and the State Council, concentrate attention on deepening reform, transforming mechanisms, optimizing structures, enhancing economic efficiency when pursuing economic development, and combining reform with development properly. We must also apply new conceptions and new methods to solve the contradictions and problems appearing in the course of implementing the "Regulations" and transforming the enterprise operation mechanism, especially when reforming the traditional economic structure at a deep level. Only

on this basis can we achieve satisfactory efficiency in seeking high-speed economic development and ensuring economic development lasts a long time without major ups and downs.

Second, we should properly handle the relationship between implementing the "Regulations" and carrying out supporting reforms. The transformation of enterprise operational mechanisms is mainly related to the relationship between the government and enterprises. The key to this transformation lies in the transformation of government functions. Government functions must be changed so that the 14 management powers are actually held by enterprises as is specified in the "Regulations." After delegating management powers that should be held by enterprises, governments must manage things properly that should still be managed by governments. The "Regulations" specify general requirements for the transformation of government functions from the angle of transforming enterprise operational mechanisms. That is, the government should coordinate, supervise, and manage enterprises according to laws and regulations, and should provide services for enterprises. Concretely speaking, the government has duties and rights in five aspects. First, governments and government departments concerned should exercise separately eight management functions over state-owned assets in enterprises. Second, adopting measures to reinforce macroscopic regulation and control and trade management, and establishing a macroscopic control system that is favorable to strengthening enterprises' vigor and benefits the orderly operation of the economy. Third, cultivating and improving the market system and bringing the regulatory role of the market into play. Fourth, establishing and improving the social insurance system. Fifth, providing social services for enterprises.

At present, it is particularly necessary to advance reform of the financial system, the investment system, and the taxation system and to quicken the establishment of a social insurance system. For example, whether a social security system can be established as quickly as possible is directly related to whether enterprises will actually have power over labor management. The current situation, where several departments all want to manage social insurance but none can manage it properly, should be changed. A perfect social insurance system should be established and improved as quickly as possible. As another example, according to the experience of previous years, reform of the labor, personnel, and income distribution systems inside enterprises should be well coordinated.

Third, the relationship between the implementation of the "Regulations" and the improvement of large and medium-sized state-owned enterprises should be handled properly. In the course of implementing the "Regulations," transforming the operational mechanisms of large and medium-sized state-owned enterprise is the key point of our work. However, for historical reasons, most large and medium-sized state-owned enterprises bear

heavy burdens, heavy debts, and a heavy task of technical transformation at present. They also face redundant personnel. Some of them are pressured by serious difficulties and cannot operate normally. In these circumstances, we should promote the transformation of their operational mechanisms and should also help them shake off burdens left over from history as quickly as possible and create conditions for their participation in fair competition. At present, it is necessary to implement the financial and accounting rules in connection with the expanded asset supervision. Proper policies and effective measures should be adopted to deal with problems pertinently by correct analysis in order to increase dynamism. Enterprises should then be brought to the market in batches. Efforts should be made to make two-thirds of large and medium-sized enterprises meet these requirements during the Eighth Five-Year Plan.

Fourth, properly deal with the relationship between implementing the "Regulations" and strengthening the internal management of enterprises. In the final analysis, it is their own efforts which determine if enterprises can transform their mechanisms and revitalize themselves. This has been proved by vast numbers of facts. Therefore, leading bodies in enterprises, especially factory directors (managers), must have a strong sense of urgency for transforming internal mechanisms and an alertness to crisis in market competition, and they must focus on enterprises themselves making the best of the internal situation. At present, in aiming against the problem of deteriorating internal management in some enterprises, we must give special emphasis to strengthening enterprises' operations and management, promoting technological progress within enterprises, working hard to improve quality, cut costs, reduce depreciation, tap potential, and mobilize all workers to launch double increase and double reduction activities so that profitable enterprises will earn more profits and loss makers can reduce losses, and hence further raise economic efficiency.

#### **The Implementation of the "Regulations" Is the Most Important of All Other Jobs in Economic Work**

Last year, central leading comrades pointed out in the "Regulations." Many years of practice have proven that it is no easy task to run well state-owned large and medium-sized enterprises, but we must do it well. Under the good situation of the whole party conscientiously studying and implementing the spirit of Comrade Deng Xiaoping's southern inspection tour addresses, the State Council has formulated this set of regulations. We earnestly hope that party and government departments at all levels continue to emancipate minds, change government functions, and pursue well the task of giving enterprises autonomous powers. This instruction by the central leading comrades serves as an important guide and impetus for the nationwide implementation of the "Regulations." According to results from the latest investigations, there have been many difficulties in implementing the "Regulations." The work has run up against certain contradictions and problems, but these

problems are about changing from an old system to a new one, and they are problems that come with progress. We must strengthen our confidence, engage difficulties, and act on the State Council leadership's demands and make the implementation of the "Regulations" the most important of all other jobs in economic work, really strengthen leadership, and continue to implement the "Regulations."

One, leading persons in charge at all levels of party and government leadership must take personal charge of this work. At the same time, departments coordinating economic work under party and government authorities must work to coordinate closely and do a good job in organizing and coordinating tasks related to implementing the "Regulations."

Two, propagate the "Regulations" by offering sustained study and training classes and other methods. Propaganda departments and news units must continue to propagate the "Regulations" with great fanfare in order to create a good opinion climate for implementing the "Regulations."

Three, conduct in-depth investigations and studies, formulate policies with clear objectives, and study and solve new problems continuously. Earlier, many leading comrades went down to the grass roots, conducted on-the-spot work, studied each enterprise having greater difficulties, and based their work instructions at the local level on this experience. This was greatly welcomed by enterprises. We must study to determine a standard for transforming enterprise mechanisms, draw up blueprints, and provide separate guidance in an attempt to push all state-owned enterprises toward the market in three to five years. Meanwhile, from now on, we must increase our efforts to rationalize management-ownership relationships, strengthen supervision and management of state-owned assets, and combine implementation of the "Regulations" with the creation of a modern corporate system.

Four, strengthen law enforcement and supervision. Leadership at all levels must strengthen awareness of the legal system, tighten discipline, continue to beef up leadership over law enforcement, give full play to the role of law enforcement and supervisory departments, strengthen legal and administrative supervision over the implementation of the "Regulations," tighten party discipline and state law, and investigate promptly and deal with a number of discipline and law breaking cases which violate the "Regulations," infringed on enterprises' legal rights and interests, and abuse operating powers in order to leave administrative channels unclogged and bring about the smooth implementation of the "Regulations."

**Zhu Rongji Directive on 'Regulations'**

*OW2407060793 Beijing XINHUA Domestic Service in Chinese 1434 GMT 22 Jul 93*

[Text] Beijing, 22 Jul (XINHUA)—Vice Premier Zhu Rongji inscribed an important directive on the investigation report—submitted by the State Economic Affairs and Trade Commission, the State Commission for Economic Restructuring, and the State Council Legislative Affairs Bureau—about implementing the "Regulations Governing the Change of State Enterprises' Operating Mechanisms." The full text of his directive reads as follows:

"It has been a year since the State Council promulgated the 'regulations,' and preliminary success has been achieved in implementing them. The 'regulations' serve as the cornerstone supporting the building of a socialist market economic system. When they are earnestly implemented, enterprises can change their operating mechanisms, improve their operations, and achieve higher economic returns. While a great deal of work has been accomplished by various departments and regions and by many enterprises, and the situation is very good, some departments and regions still stick to conventions, and they have made no progress in restructuring their organization and functions. Meanwhile, many enterprises have also inappropriately demanded more power and retention of greater profits. They do not want any restraints or supervision, and they have neglected the need to look inward and make painstaking efforts to make internal improvements. These deviations should be corrected. The 'regulations' should be further improved, and departments concerned, in an attempt to further improve state enterprises and prevent the loss of state assets, are now studying and formulating regulations for specifying property rights and forms of supervising assets."

**Industrial Economic Efficiency Index Increases Jan-May**

*OW2307142193 Beijing XINHUA Domestic Service in Chinese 0734 GMT 13 Jul 93*

[By reporter Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 13 Jul (XINHUA)—A statistics bulletin released today shows that the composite index of national industrial economic efficiency rose by 13.89 points in the first five months of this year compared to the same period of last year. That part of the economic efficiency index brought about by an expansion of the production scale reached 4.96 points, accounting for 35.7 percent of the increase in the composite index. These figures show that besides improved enterprise operations, we cannot neglect other factors that have contributed to higher industrial economic efficiency, such as surging social demand, increases in industrial product prices, and the expansion of operational and production scales.

The bulletin, jointly issued by the State Statistical Bureau, the State Planning Commission, and the State Economic and Trade Commission, notes: From January to May this year, the composite economic efficiency index of 357,000 industrial enterprises throughout the country, which conduct business accounting independently, amounted to 96.42 points, an increase of 2.76 percent from the January-April period. Sales of industrial products, profit and tax rates on capital, profit rates on costs, per capita productivity, and the turnover of working capital continued to improve.

According to the statistics, the effort to quicken the pace of transforming operational mechanisms in enterprises helped promote the improvement of operations in industrial enterprises and increase their profits by a large margin. From January to May, earnings from product sales reached 1,103.8 billion yuan, up 39.7 percent from the same period of last year. Profits and taxes totaled 129.6 billion yuan, an increase of 49.7 percent, which was much higher than the growth in production. By the end of May, the proportion of enterprises operating at a loss reached 18.2 percent, and the amount of losses rose at the comparatively slow rate of 8.8 percent.

According to an analysis, heavy industrial enterprises and regions in East China have largely contributed to increases in the composite index of industrial economic efficiency. From January to May, the composite indices of economic efficiency for light and heavy industries stood at 86.71 points and 103.35 points, respectively, up 4.12 percent and 20.18 percent from the corresponding period of last year. The index for heavy industry was evidently higher than that for light industry, with the former surpassing the national industrial average during the "Seventh Five-Year Plan," and the latter falling short by 13.29 points. This has further widened the gap between the composite economic efficiency indices of light and heavy industries. Seven of the 10 areas, whose composite indices of industrial economic efficiency exceeded 100 points from January to May, were in East China.

The statistics also show: The economic efficiency of state-owned enterprises, large and medium-sized enterprises, and enterprises from other economic sectors was relatively high. From January to May, the composite industrial economic efficiency indices of these three types of enterprises were 100.94 points, 109.15 points, and 113.18 points, respectively, all of which increased by at least 11.11 percent over the same period of last year, and were obviously higher than the 87.86-point index of collective enterprises.

The joint bulletin issued by the State Statistical Bureau, the State Planning Commission, and the State Economic and Trade Commission points out: The industrial sector of the economy is now growing rapidly, and economic relations are acutely strained. To maintain healthy and stable economic development in the industrial sector, we

should strengthen macroeconomic regulation and control, maintain moderate economic growth, prevent inflation from further worsening, and improve the economic environment. In terms of microeconomic activity, enterprises should adopt a market orientation and concentrate on adjusting the product mix, further tapping their potential, curbing the practice of misappropriating funds, and quickening capital turnover; they should never blindly seek or vie with each other for rapid growth rates.

#### Official Notes Five 'Big' Agricultural Problems

HK2407060093 Beijing ZHONGGUO XINWEN SHE  
in English 0508 GMT 24 Jul 93

[Text] Beijing, July 24 (CNS)—According to an official from the Ministry of Agriculture, the country faces five big problems for its agricultural resources and environment and, speaking at a recent news briefing, he called on all the people to attach great importance and give support to protection of the agricultural environment.

First, land for cultivation in China had been reduced by more than 11 million mu as a result of the blind setting up of development zones, large-scale basic construction and collectively-owned land in rural areas illegally entering the market. In addition, farmland already polluted has reached ten million hectares, resulting in an annual loss of 12 billion kilograms of grain.

Second, grassland in China makes up 40 percent of the country's total land while of the present six billion mu of grassland in the country, 1.3 billion mu has seriously degenerated, suffering desertification and salinization. The production of such grassland has dropped from 30 to 50 percent on average and the speed of new desertification has been at the rate of 1,560 sq kilometres a year.

Third, the main marine resources and fishing grounds from inshore to deeper waters, especially in parts of the Bohai Sea, the Yellow Sea and the East China Sea have seriously degenerated because of over harvesting. Some 82 percent of the rivers and lakes in the country has been polluted to varying degrees resulting in some 200,000 tonnes of fish, shrimp and shellfish dying every year, causing economic losses of several hundreds of millions of renminbi.

Fourth, the total output last year of township enterprises in the country with their employment of 100 million was valued at 31 percent of the country's total industrial output value. These township enterprises discharge 1.83 billion tonnes of waste water, 122 million cubic metres of airborne pollutants and 115 million tonnes of industrial waste. Some ten percent of the overall volume of these three wastes is proving to be a direct pollution threat to agriculture since these enterprises are close to farming land.

Fifth, last year, the use of chemical fertilizers, pesticides and plastic film for farming in the country amounted to 29.3 million tonnes, 220,000 tonnes and 800,000 tonnes

respectively and because of the misuse or overuse of pesticides, the problem of pollution of agricultural products, especially vegetables, has become prominent.

#### Large-Scale Yangtze Development Drive Launched

OW2407091693 Beijing XINHUA in English 0828  
GMT 24 Jul 93

[“Roundup:” “China Launches Yangtze Development Drive”]

[Text] Beijing, July 24 (XINHUA)—China has set forth an ambitious plan to launch a large-scale development drive along the Yangtze River in a bid to build the area into a prosperous economic region.

The country plans to invest 1,000 billion yuan (about 160 billion U.S. dollars) in key construction projects in the Yangtze River delta and areas along the river.

The river is the longest in China and one of the longest rivers in the world.

In order to promote the construction of an economic corridor along the river, the central government has adopted a flexible credit policy for funds which can come from the state, local governments, the community or overseas.

The central government will allocate 1.1 billion yuan for the projects, about one tenth of the total; the rest will come from local governments and overseas.

Of the major construction projects along the river, over 100 of them will each cost over 200 million yuan. They are mainly in the fields of energy, transportation, telecommunications and other forms of infrastructure.

The Yangtze flows 6,300 km from the Qinghai-Tibet plateau to Shanghai, where it joins the sea. It flows through 28 big and medium-sized cities and eight prefectures, including Nanjing and Wuhan cities, in the provinces of Jiangsu, Zhejiang, Anhui, Jiangxi, Hunan, Hubei and Sichuan.

The Chinese Government drew up the Yangtze River development strategy in June last year, inspired by the construction of the Pudong New Area in Shanghai.

Jiang Zemin, Chinese president and general secretary of the Central Committee of the Communist Party of China, and Li Peng, premier of the State Council, have expressed confidence that China would speed up its pace of development in the Yangtze River delta and areas along the river.

The Beijing press sent three reporters' groups to investigate a score of cities along the river. They were deeply impressed with the rapid development there and the strong sense of "Yangtze development" among local government officials.

An official of the State Planning Commission held that the development strategy is of great significance for the economic take-off in the areas and the country as a whole.

Economists are convinced that the areas along the Yangtze River basin has as great a potential for development as the coastal areas in China.

The advantages of the areas for further development lie in their good transportation conditions, rich water resources, developed industry, and advanced scientific and technological level.

The Three Gorges water-conservancy project, a key project of the country, will soon start on the upper reaches of the Yangtze.

The flourishing township enterprises, and agricultural and industrial production in Jiangsu and Zhejiang, two of China's richest regions, are achieving rapid development.

On the other hand, the areas boast rich resources for the development of the tourism industry, along with rapid progress of the commodity economy and large areas of hinterland.

The Yangtze basin is China's biggest east-west economic corridor and an important channel for advanced technologies and trade flowing from east to west.

Statistics show that the areas have maintained a strong momentum of economic development in recent years.

In 1990 the gross domestic product of the areas was 33.7 percent of the nation's total. This increased to 34.6 percent in 1991 and 36.2 percent in 1992.

#### Meeting Studies Channeling Water From South to North

OW2407045193 Beijing XINHUA in English 0313  
GMT 24 Jul 93

[Text] Beijing, July 24 (XINHUA)—Emphasis must be put on the preparatory work such as technical feasibility study and overall planning in the process of channeling water from south China to the country's northern areas.

Minister of Water Resources Niu Maosheng made this remark at a three-day meeting on diverting water from south China, where water resources are plentiful, to the country's northern regions.

Deputies from Beijing and Tianjin cities, and Hebei, Henan, Hubei, Jiangsu and Shandong Provinces, as well as representatives from the water-conservancy committees of the Yangtze, Yellow, Huaihe and Haihe Rivers attended the meeting, which closed yesterday.

While probing many concrete problems, the participants at the meeting, which was jointly sponsored by the Ministry of Water Resources and the State Planning Commission, agreed that the task of channeling water from south China to the north is imperative and should be started as soon as possible.

Chen Yaobang, deputy minister of the State Planning Commission, also pointed out at the meeting that the project was huge and would cost an enormous sum of money, so it can be started only after major problems are solved.

## East Region

### Transnational Firms Invest in Jiangsu's Suzhou

OW2307141993 Beijing XINHUA in English 1404  
GMT 23 Jul 93

[Text] Nanjing, July 23 (XINHUA)—Ten industrial sectors in Suzhou, a scenic city in East China's Jiangsu Province, have established joint ventures with overseas transnational corporations including the Phillips, Dupont and Mitsubishi Companies.

Officially-compiled statistics show that by the end of June, the city had approved the establishment of 5,065 foreign funded enterprises involving up to 7 billion U.S. dollars in contracted foreign investment.

Overseas investors attributed their interest in the city to an improved investment environment, a solid industrial foundation and the potential to earn profits.

Since the beginning of the 1990s, Suzhou has set up the Kunshan Economic and Technological Development Zone, which is located not far from Shanghai, the Zhangjiagang bonded zone on the southern bank of the Yangtze River, the Suzhou High and New-Tech Industrial Development Zone and the Taihu Lake International Tourist Holiday Zone. All of these projects are state-level development zones with convenient transportation conditions.

The four development zones have attracted 1.25 billion U.S. dollars in foreign funds within the last three years.

To further improve Suzhou's investment environment, local authorities have begun building a new district covering 60 sq. km outside the city. The district has become another magnet for foreign investment.

To date, 2,481 foreign funded enterprises have gone into operation in Suzhou, more than 70 percent of which have already earned a profit. In 1992, they accounted for about two-thirds of the city's exports.

Large and medium-sized state-owned enterprises are also gaining increased attention from overseas investors. More than 60 percent of these firms have established cooperative ventures with foreign financial groups and transnational corporations.

### Foreign Investment Increases in Jiangsu

OW2407084793 Beijing XINHUA in English 0725  
GMT 24 Jul 93

[Text] July 24 (XINHUA)—Foreign business people are showing more and more interest in Jiangsu, China's most advanced industrial province.

According to statistics, the province approved the establishment of 5,150 foreign-funded enterprises, involving a total foreign investment of 5.3 billion U.S. dollars in the first six months of this year.

Located in the Yangtze River delta, Jiangsu has approved a total of 15,600 foreign-funded enterprises so far. They involve a total foreign investment of 15 billion U.S. dollars.

Some 5,000 of them have gone into operation and deliver over one billion yuan in taxes to the state every year.

According to many foreign business people, the reason why they have invested in Jiangsu is because of its strong industrial foundation, skilled and abundant labor force and daily-improving investment conditions.

The official noted that Jiangsu has spent a huge amount of money on improving its investment conditions since 1990.

It has built a dozen state-level economic zones along the Yangtze River, China's longest, coastal areas and the East Longhai Railway, which runs from Lianyungang city in Jiangsu to Lanzhou, capital of Gansu Province in Northwest China.

These development zones have attracted investment from 85 countries and regions, mainly the United States, Japan, Western Europe, and Hong Kong and Taiwan.

According to the official, the number of trans-national corporations and consortiums investing in the province is increasing.

So far, the province has 540 foreign-funded enterprises each with an investment exceeding 10 million U.S. dollars. Included are 232 which were set up this year.

### Jiangxi Price Officials Plan Monitoring System

HK2607054593 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 22 Jul 93

[Text] The provincial price administration bureau recently decided that a supervision system for the prices of some commodities will be instituted as of July this year in 11 major cities, including Nanchang and Jiujiang, and in 41 large and medium enterprises throughout the province. Price administration bureaus of prefectures and cities, as well as the enterprises concerned, will regularly report to the provincial bureau the announced out-of-factory and sale prices of the commodities under supervision; specifically, 38 kinds of commodities in 10 categories, including such important means of production and means of subsistence as coal, steel products, building materials, and raw materials and products in the textile and other light industries.

In the meantime, the provincial price administration bureau will provide regular feedback on the behavior of the prices of some important commodities in markets within and outside the province to the major markets in various localities of the province and more than 130 large and medium enterprises in order to facilitate the coordination and balance of prices among localities and

trades in the whole province and to guide enterprises to move toward the market and enliven their production and circulation.

### **Shandong Forum on Party Building Ends 23 Jul**

*SK2407064393 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 23 Jul 93*

[Text] The provincial forum on party building of cities ended in Jinan on 23 July.

Li Wenquan, standing committee member of the provincial party committee and director of the organizational department of the provincial party committee, made a speech at the forum. He pointed out: We should strengthen the sense of responsibility and the sense of urgency to realistically strengthen and improve the party building of cities and to provide a forceful guarantee for developing the socialist market economy.

After fully affirming the achievements in the party building of cities, Li Wenquan pointed out: Along with the deepening of reform and the ceaseless changes in the situation, cities are confronted with many new conditions and problems in party building. The party organizations at various levels should firmly foster the guiding ideology of taking the economic construction as a key link; serve and be submitted to the economic construction; closely proceed from the reality of various fronts; comprehensively and solidly attend to the party building of cities; and provide a forceful guarantee for reform, opening up, and economic construction. Now, we should concentrate efforts on strengthening the ideological construction of the party, arm the party as a whole with the theory on building socialism with Chinese characteristics, realistically attend to the construction of the grass-roots leading bodies, and further improve leaders' ability in controlling the socialist market economy. We should conscientiously attend to the construction of party members contingents, [words indistinct], and bring into full play party members' exemplary vanguard role in reform and construction.

Li Wenquan pointed out: According to the requirements as set forth in the new situation and in line with the different characteristics of different trades, the party organizations at various levels should positively explore new ways for strengthening the construction of party organizations. The party organizations of enterprises should carry out their work closely in line with enterprises' reform, production, and management. The foreign-funded enterprises, the shareholding enterprises, the enterprise groups, and the private enterprises should base themselves on setting up and perfecting party organizations to positively explore the issue of how to strengthen party building. With the focus on improving the style of organs and enhancing party-member cadres' awareness of being public servants, we should strive to attend to the party building of organs.

Li Wenquan stressed: Occupying a forward position in reform, all fronts in cities are the main battlefield of

developing the socialist market economy. Therefore, the party committees at various levels should put the party building of cities in the important work agenda, realistically strengthen leadership, and improve the party building of cities to a new level.

### **Shandong Holds Antismuggling Emergency Meeting**

*SK2607040493 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 25 Jul 93*

[Text] The provincial party committee and the provincial people's government jointly sponsored an emergency meeting in Yantai on 25 July on dealing blows at the crimes of smuggling and trafficking in contraband goods.

Governor Zhao Zihao delivered an important speech at the meeting, in which he said: Our province made certain achievements in the struggle against smuggling in the former period. However, we have not totally blocked the evil trend of smuggling and trafficking in contraband goods. In response, units at all levels throughout the province should soberly understand the work and resolutely implement the spirit of directives issued by the CPC Central Committee and the State Council. They should adopt resolute measures, enforce the responsibility system in the work, and build Shandong into an iron wall of dealing blows at smuggling and safeguarding the motherland by being highly responsible for the party and the people.

Attending the emergency meeting were leading comrades, including Li Chunting, Tan Fude, and Wang Yuxi.

### **Shandong Governor Addresses Planning Commission**

*SK2607030093 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 25 Jul 93*

[Text] On the morning of 25 July Zhao Zihao, deputy secretary of the provincial party committee and governor of the province, delivered a speech at the provincial forum held in Yantai with the participation of chairmen of the planning commissions of various prefectures and cities. He pointed out in his speech: In the course of turning the planned economy into the socialist market one, personnel in charge of the planning work should pay attention to enhancing the macro readjustment and control, pondering over large-scale ideas, being an overall-minded adviser, grasping key projects, and successfully enforcing the system of comprehensive retention.

Zhao Zihao said: In the course of establishing the systems of the market economy at present, the planning department is an important organ under the party committees and governments at all levels in charge of the economic work in a comprehensive way and in charge of high-level readjustment and control. It represents a necessary force in developing the market economy. To

enable plans become more advanced and scientific, we should bring about a large change to the planning work; pay little attention to small things; grasp key projects; delegate rights relating to minor issues to grass-roots levels; and grasp macroeconomic management. More specifically, it means that we should be based on the whole situation in developing the economy; and emphatically study and formulate market plans, industrial structure, regional arrangements, and the targets of economic development. We should conduct calculations in advance and correct calculations so as to enable plans to be with more scientific and guiding characters. We should also uphold the principle of regarding economic results as a center; give priority to economic results; stress whole, long-term, and social benefits; and uphold the viewpoint of development. Efforts should be made to emancipate minds, to seek truth from facts, to accelerate the development of projects whose conditions are ripe, and to carry out projects as many as possible as long as they are with good economic results. We should actively conduct comprehensive balance and macro readjustment and control and do a good job in carrying out comprehensive retention in line with the viewpoints of development and classified guidance. We should also conduct macro readjustment and control in a creative way and adopt the criterion of having a good order while the economy has been enlivened and of conducting macro control and micro enlivening, which can test a success or failure in this work. Efforts should be made to rely on the deepening of reform to deal with the contradictions cropping up in development as well as to refrain from taking the road back as soon as encountering problems and from withdrawing the right as soon as causing small disturbances.

During the forum Li Chunting, deputy secretary of the provincial party committee and vice governor of the province, made a report on the province's situation in the economic operation in the first half of this year and put forward in his report several issues that should be emphatically studied and handled for the province's planning work at present or in 1994.

#### Shanghai Sets Up Land Administration Commission

HK2407063093 Beijing ZHONGGUO XINWEN SHE  
in English 0356 GMT 24 Jul 93

[Text] Shanghai, July 24 (CNS)—The Shanghai Municipal State-Owned Land Administration Commission was recently set up and the municipal Party Committee's secretary, Mr Wu Bangguo, and city mayor, Mr Huang Ju, became the director and deputy director of the commission respectively. This important move shows that reform of the administration system of state-owned land in the city has been speeded up.

Reform in this sector is an important part of the city's reform in the second half of this year. The setting up of the commission is aimed at strengthening macro-regulation and control of state-owned land in order to

ensure and increase the worth of such land and to achieve consolidation and development of the publicly-owned economy. In line with the municipal government's scheme, the administration and development of such land will be carried out at three levels. First, the municipal commission is the general representative of the ownership of such land. It possesses all state-owned property in the city according to law and has four rights including possession of, usage of, allocation of and earnings from such land. Second, the commission will set up several state-owned land management companies which will act as representative agencies for the property rights of such land and will manage its ownership. Third, these management companies will turn such state-owned land into business-type enterprises which will according to law independently conduct their business in the development of such land, ensuring that the worth of state-owned land is guaranteed and increased.

#### Shanghai To Divert Water From Yangtze River

OW2607091493 Beijing XINHUA in English 0855  
GMT 26 Jul 93

[Text] Shanghai, July 26 (XINHUA)—This East China metropolis, one of the 300 cities in the country which suffer from water shortages, is speeding up the construction of a number of projects to divert water from the Yangtze River.

The projects include a water-intake pumping station, a pressure-boosting pumping station, a reservoir, a water plant and water transmission pipes, as well as monitoring and controlling and telecommunications facilities.

It is learned that these projects, to cost about 1 billion yuan (about 170 million U.S. dollars), are expected to provide an additional 2 million cubic meters of water to Shanghai City daily after completion.

At present, the daily water consumption in Shanghai, a leading industrial and commercial city in China, has topped 5 million cubic meters, while the water supply only stands at over 4 million.

It is predicted that Shanghai will use 6.6 million cubic meters of water daily by 2000 as a result of increasing water consumption in people's daily life and rapid industrial development.

In the past, Shanghai mainly took water from the Huangpu River, which runs through the urban area. However, the pollution of the river has greatly reduced the amount of usable water.

The Yangtze, the longest river in China, boasts an annual runoff of 1,000 billion tons, 100 times that of the Huangpu River.

**Central-South Region****Guangdong Governor Discusses Enhancing Market**

*OW2407082893 Beijing XINHUA in English 0738 GMT 24 Jul 93*

[Text] Guangzhou, July 24 (XINHUA)—Zhu Senlin, governor of south China's Guangdong Province, has stressed that the basic focus of Guangdong's economic work is to enhance market superiority.

He said that in the past decade the economic development of Guangdong Province was a process of the development and perfection of the market system and a process of establishment of market superiority.

In essence, he noted, the restructuring of Guangdong's economy is a reform which aims to develop markets and to establish a socialist market system.

He said that Guangdong has gained market superiority in the reforms.

From the mid-1980s the products of Guangdong were destined for three sections—the provincial market, market in other parts of China and international market.

He said that two-thirds of Guangdong's products are sold outside the province.

The governor said that in the year 2010 Guangdong's gross domestic product will be tripled, that is, it will be equal to China's gross national product in 1990.

To realize this target, he said, the province will develop new- and high-technology to readjust industrial and product structure and highlight the market role.

He said that Guangdong will enhance formulation of market regulations and policies and improve the management of markets.

Meanwhile, he said, it will also make efforts to perfect the market system by improving the distributions of market, communications and telecommunications.

He said that his government encourages enterprises to run markets and chain stores in other provinces and abroad.

**Guangdong Insurance Payments Near 1 Billion Yuan**

*HK2407061693 Beijing ZHONGGUO XINWEN SHE in English 0505 GMT 24 Jul 93*

[Text] Guangzhou, July 24 (CNS)—With a number of frequent natural disasters in Guangdong since the beginning of this year, the province has seen a sharp growth in the number of insurance claims being paid out by the Guangdong Branch of the People's Insurance Company of China between January and June this year. The total sum paid out is put at RMB [renminbi] 960 million.

In mid-April alone, more than ten insurance companies including those in Shenzhen, Shaoguan, Qingyuan, Meizhou and Yangjiang paid out RMB 180 million in claims for economic losses suffered by enterprises and households in these areas as a result of rainstorms, hailstorms, tornadoes and typhoons. In addition, claims on vehicle insurance reached RMB 450 million and on property and fire insurance by enterprises accounted for over RMB 50 million in the first half of this year.

The insurance business in the province has developed rapidly with the overall income earned from such business both at home and abroad by the Guangdong Branch of the People's Insurance Company of China amounting to over RMB 2.7 billion in the first half of this year, 6.6 times up over the same period last year. These earnings were mainly from agricultural insurance and enterprise property insurance, vehicle insurance, household property insurance and savings insurance.

It is predicted that the earnings from this sector in the province will top RMB 5 billion by the end of this year.

**Guangxi Province Reports Economic Data**

*HK2407014093 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 17 Jul 93*

[Excerpt] As indicated by data presented at the regional economic work forum, our region has maintained high-speed growth in industrial output value since the beginning of this year. In the first half of this year, the region produced 29.22 billion yuan of industrial output value, an increase of 24.74 percent over the same period last year, realizing the target of fulfilling over 50 percent of tasks as over 50 percent of the time has passed.

Since the beginning of this year, the major characteristic of industrial production in our region was the overall growth of industrial production in various prefectures and cities, among which the machine-building industry increased by 48 percent, the electronics industry increased by 38 percent, the nonferrous metals industry increased by 32 percent, and the pharmaceutical industry increased by 23 percent. Growth of nonstate-owned industries was faster than that of state-owned industries, and the growth of heavy industry was faster than that of light industry. The output-sales ratio of industrial products has grown each month, output has increased, product quality has been steadily improved, and freight volume has registered a considerable increase. There was a huge growth of demand for and supply of postal and telecommunications services, economic benefits were markedly improved, and all urban and rural markets were prosperous.

In the first half this year, our region showed a good trend in our work in supply and marketing, production, and commodity circulation, but many problems and difficulties still exist, which were largely manifested by the fact that the work to transform enterprise operational mechanisms and to bring enterprise decision-making powers

in operations into effect has not been thoroughly completed. Some areas did not pay close attention to the work, and some powers belonging to enterprises remain in the hands of departments at higher or lower levels. There was much resistance to transforming enterprise operating mechanisms. Generally speaking, enterprises saw good economic benefits, but this was largely due to huge profit increases in such trades as metallurgy, machine-building, building materials, and the sugar industry, while some trades were still in deficit because of the effects of price rises. Funds were still in short supply and communications and transportation still face notable bottlenecks. [passage omitted]

### Guangxi Reports Private Sector, Rural Statistics

HK2407061093 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 21 Jul 93

[Text] Individual industrial and commercial operators in this region, the number of which was the 10th biggest in the sector of the whole country, continued to grow steadily in the first half of the year.

According to statistics, by the end of June, the number of individual industrial and commercial operators region-wide reached 632,000, up 12 percent over the same period last year, with 872,000 people engaged in this sector, up 13 percent, and 2.34 billion yuan in total registered capital, up 41 percent.

The number of private enterprises in the region reached 2,716, up 57 percent from the same period last year, with 54,000 workers, up 41 percent, and 113 million yuan in total registered capital, up 1.5 times over the same period last year.

Since the beginning of this year, party committees and governments at all levels in this region have been making efforts to strengthen agriculture and rural work, causing the rural economy in the region to show promise and peasants' income to continue growing. The regional rural social and economic investigation team conducted a sample survey of 2,310 peasant households in 33 counties, and the result indicates that, on the basis of the sustained growth in recent years, Guangxi peasants' cash income, input in per unit area yield, and spending on living in the first half of the year increased by 26 percent, 38 percent, and 10 percent over the same period last year, respectively. Their per-capita cash income reached 433 yuan, up 91 yuan over the same period last year. The increment of income is mainly attributable to the sales of sideline agricultural products. In the first half of the year, the per-capita income from the sale of sideline agricultural products for peasants in this region reached 287.1 yuan, up 61.7 yuan over the same period last year. Peasants' income from their involvement in the secondary and tertiary industries also increased, by 17.6 percent.

With income increasing, the consumption level of peasants kept going up. In the first half of the year, the peasants' per-capita spending on living was 198 yuan, up

10.3 percent over the same period last year. Their expenditure on food increased by 16 percent, 13 percent on daily necessities, and 49 percent on cultural and recreational activities.

### Hunan Spokesman Addresses Economic Situation

HK2407070493 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 19 Jul 93

[Text] The provincial government held a news briefing yesterday morning, and provincial government spokesman Lei Zhongchi briefed the press and concerned departments on the current economic situation throughout the province, urging the whole province, from the leadership to the rank and file, to reach a common understanding, seize the opportunity, expedite development, improve work style, conscientiously accomplish the present economic work, and give impetus to sustained, rapid, and healthy development of the national economy of the province.

Lei Zhongchi said at the briefing: Since the beginning of this year, the whole province, from the leadership to the rank and file, further emancipated their minds, various reforms were deepened, the province was opened wider to the outside world, and the national economy maintained a good trend of development. These were largely manifested in the all-around growth of economic construction. In the first half of this year, the gross national product of the whole province increased by 10.5 percent, economic restructuring took big strides, economic benefits were further improved, and rural restructuring was gaining momentum. In consequence, in the first half of this year, peasants' per capita cash earnings increased by 72 yuan compared with the same period of last year. Industries at and above the township level throughout the province completed 44.03 billion yuan of output value, an increase of 12.9 percent over the same period of last year. Industrial enterprises covered by the provincial budget realized 2.02 billion yuan of profits and taxes, an increase of 82.5 percent over the same period of last year. The market continued to be brisk. In the first half of this year, the total retail sales volume throughout the province reached 25.94 billion yuan, an increase of 19.6 percent over the same period last year. Since May, the situation of falling foreign exports has been reversed.

Lei Zhongchi said at the briefing: In the first half of this year, new conflicts and problems arose amid economic operations, which were largely manifested in the fact that funds were always seriously in short supply, the financial situation was quite difficult, the effects of disasters were quite severe, and direct economic losses caused by disasters were up to 4.2 billion yuan.

Lei Zhongchi said: At present, economic development is in a critical moment. The issue of how to make the best use of the situation to improve the macroscopic environment of economic operation should become the primary focus of our work. Hence, various circles of the province at all levels must be determined and strive hard to implement the central authorities' various measures to

accelerate macroscopic regulation and, in particular, make earnest efforts to stabilize the financial situation. We must seize the opportunity to expedite development, accomplish the plan of this year in a down-to-earth manner and ensure the reserve strength of economic development. Moreover, all localities and departments must expedite the pace of reform. In addition, all localities and departments must conscientiously improve their work style, eradicate bureaucracy and formalism, advocate investigation and research, care for the masses, overcome negative and corrupt phenomena, and make all sorts of efforts to create a good environment for reform and opening up.

#### **Hunan Governor on Macro Regulation, Control**

*HK2407070293 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 21 Jul 93*

[Text] A meeting of party committee secretaries of prefectures, autonomous prefectures, city, and counties was opened in Changsha yesterday. Chen Bangzhu, deputy secretary of the provincial party committee and provincial governor, stressed at the meeting that while attempting to intensify macro regulation and control and resolving the outstanding problems currently found in the economic operation, we must hold high the banner of reform and promote economic development.

Provincial Secretary Xiong Qingquan presided over yesterday's meeting. Comrade Chen Bangzhu gave an important speech on how to implement the spirit of the central authorities' important decision on intensifying macro regulation and control.

Comrade Chen Bangzhu said: Since the beginning of this year, the overall situation in our province has been good. The economy has maintained a relatively high rate of growth despite grave difficulties. However, while our province's economy is continuing to improve, some new contradictions and problems have emerged, some of which are quite serious. They are mainly manifested as a grim monetary situation, aggravated financial difficulty, lack of vitality of state-owned enterprises, and serious restrictions caused by the inadequacy of basic facilities and basic industries, especially communications and energy which form the bottleneck.

Comrade Chen Bangzhu expressed the hope that party and government leaders at all levels will analyze the current economic situation realistically; not only fully recognize their achievements, but also be soberly aware of the contradictions and problems in the course of development; and truly align their understanding with the central authorities' instruction on strengthening macro regulation and control. When trying to understand and implement the above instruction, it is necessary to pay special attention to the following.

It is necessary to speed up the pace of reform and opening up, make earnest efforts in optimizing structure

and enhancing efficiency, correctly balance the relationship between part and whole, and continue to seize the opportunity and speed up development.

Comrade Chen Bangzhu said: As far as the whole province is concerned, the following work should be well-carried out in particular, in order to fully implement the measures for macro regulation and control.

First, it is necessary to conscientiously rectify the monetary order and do finance-related work better. This is the key point of the current campaign to strengthen macro regulation and control, so we must make substantial efforts to do it well.

Second, it is necessary to optimize the mix of investments and guarantee the funds for key projects. We must conduct a thorough screening of projects under construction, various types of development zones, and the real estate market, and concentrate our limited funds and materials to guarantee the financing of the province's key construction projects and key technical transformation projects.

Third, it is necessary to reinforce the functions of financial and tax authorities and strengthen financial work and taxation. We must strive to overfulfill the revenue target and exceed the point of 10 billion yuan, and strive to balance the deficit by increasing income and reducing expenditure.

Fourth, it is necessary to make strenuous efforts in industrial and agricultural production and accomplish all economic plans for the year.

Finally, Comrade Chen Bangzhu pointed out: Many of the chaotic phenomena and problems in the economic field at present are connected to corruption and various unhealthy tendencies. Therefore, when solving outstanding contradictions in economic operation, we must pay close attention to the building of ideology and work style of party and government organs, and conscientiously solve the issues in party and government organs that the masses are most critical about.

#### **North Region**

##### **Beijing Procuratorates Handle Economic Crimes**

*HK2407061493 Beijing ZHONGGUO XINWEN SHE in English 0506 GMT 24 Jul 93*

[Text] Beijing, July 24 (CNS)—During the first half of this year, procuratorates of various levels in Beijing investigated 651 cases of suspected economic crime including bribery and corruption and took further action on 392 of them. As a result economic losses of RMB [renminbi] 28 million were recovered. Of these proven cases, 218 were very big and constituted 55.6 percent of the total number. Thirty-five bribery and corruption cases each involved amounts of over RMB 50,000, 41 economic crimes involving the embezzlement of public funds each involved amounts of over RMB 50,000, two

bribery and corruption cases each involved amounts of RMB 1 million and three cases of misappropriation of public funds each involved amounts of over RMB 1 million. Eleven cadres of above middle-level rank have been investigated and prosecuted.

**Beijing Closes Fraudulent Accounting Office**  
*OW2607082793 Beijing XINHUA in English 0742  
GMT 26 Jul 93*

[Text] Beijing, July 26 (XINHUA)—The operating license of the Beijing Zhongcheng Accountants Office, which provided a false assets examination and verification report for the Changcheng (Great Wall) Company, has been rescinded and the office closed down, according to authorities here.

The action follows the recent breaking of a massive fraud scheme perpetrated by the Beijing Changcheng Machinery and Electronics Scientific and Technological Industry Company (Changcheng Company). Chief of the company Shen Taifu has already been arrested.

The Beijing Procuratorial Department is now investigating the accountants office's participation in the case, and is in the process of ascertaining the main culprits in the fraud scheme.

The Zhongcheng accountants office was opened in May of 1988 by the Electronics Industry Accountants Society and the China Cost Research Society. It has 13 branches with 86 workers.

When the Changcheng Company illegally issued bonds valued at one billion yuan and faced the danger of being exposed, its chief, Shen Taifu, decided to acquire a falsified credit certificate at any cost so as to cheat more investors. Shen Taifu has already been arrested for the fraud.

On March 22, a deputy chief of the Changcheng Company told Guo Yanjie of the Second Branch of the Zhongcheng Accountants Office that the Changcheng Company urgently needed a credit certificate because it wanted to raise funds in Shenzhen and Hong Kong.

Four days later, three registered accountants from the Second Branch of the Zhongcheng Accountants Office came to the Changcheng Company and signed a contract on examination and verification of the company's assets and the provision of a report for the Changcheng Company.

Four hours later, the three accountants, who each pocketed 100 yuan in "overtime pay" and "night shift fees", provided the false examination and verification report. The second branch of the Zhongcheng accountants charged the Changcheng Company 100,000 yuan, 19 times higher than the fee set by the government.

Local experts said that a proper examination and verification of the assets of a company as large as Changcheng would require at least 10 days or half a month.

In fact, the three accountants neither examined nor verified the Changcheng's documents and account books before providing the examination and verification report.

Moreover, Guo Yanjie, deputy chief of the Second Branch of Zhongcheng Accountants, knew the truth about the Changcheng Company's finances and assets and twice dissuaded his own children from investing in the Changcheng Company.

The Second Branch of Zhongcheng Accountants has undertaken 693 assets examination and verification reports since last year, 80 percent of which do not meet state-set accounting requirements, according to the authorities concerned.

Other branches of Zhongcheng accountants have also provided substandard services and false reports.

The relevant government departments have decided to rescind the license of the Beijing Zhongcheng Accountants Office immediately, revoke the certificates of Zhongcheng's registered accountants who are deemed professionally negligent or who willfully violated the relevant regulations, and punish those who have broken the law.

The XINHUA NEWS AGENCY today published a commentary that called for professionals to draw lessons from the Zhongcheng accountants case, for strengthened education in occupational ethics, and for the clarification of legal and economic responsibilities and improved supervision and management.

**Hebei Governor Addresses Mayors' Meetings**  
*SK2207073793 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 21 Jul 93*

[Text] It was learned from the provincial work meeting of mayors and commissioners that since the beginning of this year our province's general situation has been good. During the first half of this year, the province's gross national product [GNP] reached 65.89 billion yuan, an increase of 17.6 percent over the same period of last year. However, new contradictions and problems also emerged in the course of economic performance.

The meeting pointed out: It is necessary to clearly understand the situation, unify thinking, conscientiously implement the central measures on strengthening macroeconomic regulation and control, realistically solve these contradictions and problems, seize the opportunity, and enable our province's economy to develop in a sustained, speedy, and stable manner.

At the meeting, Governor Ye Liansong called on leading cadres at all levels to enhance their awareness of implementing the central guidelines, to clearly understand that macroeconomic regulation and control is not a comprehensive retrenchment but a structural readjustment, and to guarantee the priorities.

In his speech, Governor Ye Liansong particularly pointed out: To accelerate the development rate, deepen reform, change operational mechanism, and raise efficiency, we must carry out the following tasks in a down-to-earth manner: We should consolidate the banking order, strictly observe discipline concerning banking work, pay attention to the current agricultural production, overcome all sorts of natural disasters, and reap an agricultural bumper harvest this year; continue to simultaneously increase industrial production, rates, and efficiency and guarantee the implementation of the objective of "achieving increase in three aspects and moving one place forward"; actively raise funds, optimize the orientation of money input, and guarantee the needs of industrial and agricultural production and key construction projects; expand the reform strength, and through the in-depth reform, solve the contradictions and problems emerged in the course of economic performance; further accelerate the pace of comprehensively opening the province to all localities at home and abroad; strive to increase revenue and reduce expenditure and guarantee a basic balance between financial revenue and expenditures; deeply carry out science and technology year activities; persist in grasping family planning work with unremitting efforts, do a good job in protecting, guiding, and giving place to the enthusiasm of the broad masses of cadres in building an economically strong province, and guarantee that our province's national economy will develop in a sustained, quick, and sound manner.

### Mayors' Meeting Ends

*SK2407084593 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 23 Jul 93*

[Text] The four-day provincial work meeting of mayors and commissioners ended on 23 July. On the basis of conscientiously studying the documents of the central authorities, further unifying their thinking, and upgrading their understanding, the participants took the guidelines of the central authorities as [words indistinct], analyzed the provincial economic situation in the first half of the year, studied the basic measures for implementing the documents of the central authorities, and planned the economic work for the next half of the year.

Cheng Weigao, secretary of the provincial party committee, made a speech at the closing ceremony of the meeting. He said: The major policy decision of the party Central Committee on strengthening the macroeconomic regulation and control is of great realistic significance in grasping, analyzing, and taking advantages of favorable opportunities to speed up the pace of economic construction and opening up; in paying attention to stability; in avoid losses, particularly great losses; and in ensuring sustained, rapid, and sound progress of the national economy.

Cheng Weigao stressed in his speech: In resolutely implementing the guidelines of the central authorities to the letter, we should pay particular attention to [words

indistinct] that one divides into two. We should clearly understand that the contradictions and problems in the current economic work are caused by (?big strides for advance). These contradictions and problems can be eliminated. Strengthening the macroeconomic regulation and control is by no means [words indistinct] but making structural readjustment. The fundamental purpose is to develop better and more rapidly. We should ensure that the objective of building an economically powerful province will not be changed. [passage indistinct] We should concentrate economic development on deepening reform, changing mechanisms, optimizing structure, and improving efficiency.

In line with the current situation of the province, Cheng Weigao stressed that we should realistically attend to the following few tasks: We should resolutely, strictly, and conscientiously implement the central measures for readjusting and controlling the macroeconomy. We should analyze the new situation and calculate new problems cropping up in the province, be sure how things stand, fully tap the potential of funds, continue to readjust the capital input orientation, try every possible way to ensure funds for production and construction, strengthen scientific distribution, alleviate [words indistinct], and strive to fulfill the annual industrial task. We should pay more attention to agriculture and strive to ensure that the peasants do not reduce their output despite disasters. When stabilizing the economic situation, we should ensure social stability, realistically solve the prominent problems affecting social stability, persist in the principle of grasping reform and opening up with one hand and grasping the struggle against economic criminals with the other, and deeply wage the struggle against corruption. The organs at various levels should resolutely end the unhealthy practice of inventing various kinds of names, adopting various kinds of means, and abusing power to engage in business and create income. The cases of abusing power for selfish gains, trading power for money, taking bribes, and bending the law must strictly be handled according to law and discipline.

Ye Liansong, governor of the provincial government, attended the meeting. Present at the meeting were some leaders of the province, including Zhang Zhenhuan, Guo Hongqi, Liu Zuoqian, Guo Shichang, Song Shuhua, and Wang Manqiu.

### Inner Mongolia Secretary Inspects Baotou

*SK2407064493 Hohhot NEIMENGGU RIBAO in Chinese 23 Jun 93 p 1*

[Text] "In developing our region's economy, we should persist in grasping existing assets with one hand while grasping increased assets with the other. We must use the ideology and method of reform and opening up to invigorate existing assets. The large enterprises in Baotou have strength. We should place these enterprises in the lead, be determined to readjust the organizational

structure of enterprises, promote the optimum organization of the essential production factors, and create new productive forces." Comrade Wang Qun stressed this during his inspection and study in Baotou.

On 18-22 June, Wang Qun, secretary of the regional party committee and chairman of the regional people's congress standing committee, led responsible persons of the regional party committee and government departments concerned to conduct investigation and study in Baotou. He successively went deeply to Baotou Aluminum Plant, the Inner Mongolia No. 1 machinery plant, the Baotou iron, steel and rare-earth company, and other units to learn about their situation in deepening enterprise reform; held a forum of leading comrades of the Baotou city party committee, the city government, and some enterprises; and directly solved the problems existing in the production, operation, and cooperation of these enterprises. Comrade Wang Qun fully affirmed the achievements of Baotou city in deepening enterprise reform and offered views on successfully grasping five crucial aspects while invigorating the existing enterprises in line with Baotou city's experience.

The first crucial aspect is to pay attention to leadership. Wang Qun pointed out: The current enterprise reform is in a crucial period, and the role of leaders is very important. Leaders at all levels should pay great attention to the new situation emerging in reform. The principal leaders should conscientiously conduct investigation and study, make policy decisions resolutely, and personally implement all reform measures which have already been issued. Leaders at all levels should fully recognize the importance and urgency of deepening enterprise reform, enhance their enterprising spirit and the sense of responsibility, boldly conduct reform, and take the lead in reform with an attitude of holding the party and the masses of people responsible. By no means should they be irresolute when they face some difficulties and problems in the course of enterprise reform, and thus lose their opportunity.

The second crucial aspect is to change the enterprise mechanism and system. Wang Qun said: Changing the management and operational mechanisms of enterprises is an important aspect in deepening enterprise reform and the fundamental way for enterprises to generate vitality and impetus. Enterprises will gain stronger initiative if they change their system and mechanism more quickly and thoroughly. In the course of changing enterprise operational mechanism and system, all localities should proceed from reality, create all sorts of measures and methods in a fact-seeking, bold, and creative manner, and enable enterprises to realistically become the main part of the market "managing their own affairs, assuming responsibility for their own profits and losses, selecting their own cadres, employing their own workers, and fixing their own remuneration." The government should give some necessary preferential policies to enterprises and urge them to rapidly change their system and mechanism. The aim of changing mechanisms and systems is to enable enterprises to achieve efficiency, to

have competitive ability, to be able to march towards the market, and to adapt themselves to the market.

The third crucial aspect is to give full play to the role of leading enterprises and realize the optimum organization of the essential production factors. Wang Qun emphatically pointed out: Leading enterprises are key enterprises with a fairly large scale, good efficiency, and a fairly high management level. On the basis of maintaining mutual benefit and answering mutual demands, we should place these key enterprises in the lead in a planned and well-organized manner, and use them to bring along a number of poor and money-losing enterprises. This is the best way for deepening the current enterprise reform, raising economic efficiency, and helping enterprises extricate themselves from predicaments. It is also a way to realize the rational organization of the essential production factors. This will help produce new productive forces on the basis of not increasing assets. In optimizing this kind of organization, we must proceed from reality, and may develop closely organized, semi-organized, and loosely organized ones in line with the different situations of different enterprises. In optimizing this kind of organization, we must appropriately ease policy restrictions, properly transfer their assets, and properly handle the old account and old debts, and must not let the leading enterprises take the burden.

The fourth crucial aspect is to strengthen the sense of service of the leading organs in various trades. Wang Qun said: The success or failure, quickness, or slowness in deepening enterprise reform are determined to a great extent by the sense of reform and service of the leading organs of various trades. Our leading organs and functional departments at all levels should consciously change their ideas, functions, and work style in the course of reform, cultivate a strong sense of service, and wholeheartedly serve the enterprises. We should resolutely oppose the bad work style of extorting money or articles from enterprises, and of "making things difficult for enterprises or putting on a ghastly expression when enterprises ask for help." Enterprises should supervise their leading organs and straighten out the unhealthy trends in various trades.

The fifth crucial aspect is to select a good leading body. Wang Qun pointed out: The enterprise leading body, whether good or bad, will determine the destiny of an enterprise. The party and government leaders at all levels should pay special attention to the installation and building of enterprise leading bodies. Enterprises must have a good plant director in the first place. A good plant director must be the one with enterprising spirit, sense of responsibility, vigor, boldness, and prestige. In selecting plant directors and installing leading bodies, we must follow the mass line, select them from practice, and pay attention to their actual work achievements. In ordinary small and medium-sized enterprises, it is better for one person to concurrently serve as secretary and plant director, because this will help reduce the number of nonproductive personnel, and will be advantageous to enterprise leading bodies to make policy decisions.

When a plant director has shortcomings and mistakes, we should promptly criticize and educate them, help them make corrections, and enable them to grow to maturity in a better way. All localities and all levels should select and train a number of plant directors and managers in a planned manner in an effort to reserve a number of trained personnel for enterprises.

During investigation and study, Wang Qun also gave important views on strengthening the building of leading bodies and strengthening unity in various sectors. He also instructed leading comrades of the regional relevant departments to solve some specific problems raised by Baotou city.

### Northeast Region

#### **Heilongjiang Province Experiences Flood Damage**

*SK2507045093 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 24 Jul 93*

[Text] Hit by rainstorms, 13 counties and cities in Heilongjiang are suffering from waterlogging and mountain flooding.

Incomplete statistics show: More than 50,000 hectares of farmland were hit by the disasters. Of these, 17,000 hectares became unharvestable. More than 390 houses were damaged, more than 1,300 houses collapsed, and more than 100 water conservancy facilities were damaged. The disasters have caused large amounts of economic losses to the province.

#### **Heilongjiang Holds Forum of City Procurators**

*SK2507054193 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 24 Jul 93*

[Text] At the provincial forum of chief procurators of some city and county procuratorial organs that ended on 24 July, Xie Yong, secretary of the political and legal committee of the provincial party committee and vice chairman of the standing committee of the provincial people's congress, said: The procuratorial organs should positively handle cases, place them in a prominent position in the course of strictly enforcing laws, and ensure success in attending to them. The procuratorial organs should attach importance to and concentrate energy on handling major and appalling cases; and concentrate energy on investigating and handling the cases relating to party and government organs, judicial departments, administrative and law enforcement departments, banking, tax, and industrial and commercial departments, and the working personnel with key functions for market regulation and control. In particular, we must thoroughly investigate and handle but never tolerate the criminal cases relating to leading organs and leading cadres.

Xie Yong pointed out: Problems of social order prominently exist in the province. That is, extraordinary criminal cases, such as looting, murdering, and raping,

tend to increase. Criminal cases committed by gangs of criminals and cruel and fierce cases also become prominent. Therefore, the procuratorial organs at various levels should work in cooperation with public security and judicial departments to positively participate in the special struggle against criminal cases to ensure the bringing about of results.

Xie Yong also urged that the procuratorial organs at various levels should realistically strengthen the supervision over the enforcement of laws; and concentrate energy on investigating and handling the cases of judicial personnel, administrative personnel, and law enforcers practicing irregularities and perverting justice for bribes, which can produce a bad influence, so as to create good social effects.

#### **City in Liaoning Accelerates Pace of Opening**

*SK2407041293 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 23 Jul 93*

[Summary] Dandong city has accelerated the pace of opening up to the outside world and steadily developed the three types of foreign-funded enterprises.

In the first half of 1993, the city signed 102 contracts to use foreign capital and used, in actuality, \$2.78 million worth of foreign capital. Simultaneously, 102 foreign-funded enterprises of three types were newly run. So far, the city has 232 foreign-funded enterprises of three types.

### Northwest Region

#### **Activities, Remarks of Gansu's Gu Jinchi Reported**

##### **Addresses Enterprise Meeting**

*HK2407070693 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 18 Jul 93*

[Text] The day before yesterday, provincial party Secretary Gu Jinchi pointed out at the provincial work meeting on township and town enterprises, which closed in Qin'an: We must further establish the outstanding position of township and town enterprises in rural economic work and further launch a provincewide mobilization campaign to encourage and guide township and town enterprises in our province to advance to a new stage in an expedited and better way.

Gu Jinchi said: Leaders of various departments at various levels must have a better understanding of the important position of township and town enterprises in the entire national economy and the important role of township and town enterprises in fulfilling the objective of leading a relatively comfortable life. They must truly treat township and town enterprises, under the guiding ideology and in their practical work, as the strategic measure of moving towards a relatively comfortable life and making the people rich and building up the national

strength and as the main force of developing the national economy. As far as the prefectural and city levels are concerned, we should establish the position of township and town enterprises as a mainstay in the entire economic work. While actively strengthening the basis of agriculture produce, we should treat the development of township and town enterprises as the primary task of various economic work so as to promote the comprehensive development of rural economy.

In talking about the current situation in which funds go short and fail to meet the needs of development, Gu Jinchi pointed out: While raising funds, leaders at all levels must further emancipate their minds; take more flexible measures; break the barriers between urban and rural areas, geographical barriers, and restrictions regarding ownership system; and encourage state-owned enterprise units, collective economic organizations, and individuals to play a part in initiating township and town enterprises. Moreover, they must actively create conditions to improve the investment environment, to vigorously attract funds, technology, and equipment from places outside the province and from foreign countries, and to initiate foreign-funded enterprises and various joint stock cooperation enterprises.

Gu Jinchi finally said: Leading party and government cadres holding primary responsibility at all levels must attach great importance to township and town enterprises and handle the work by themselves, concretely fulfill the leading responsibility of developing township and town enterprises to leading party and government cadres, enforce strict assessment, and implement a system of great reward and heavy penalty.

Governor Yan Haiwang said in his speech: Township and town enterprises initiated in the days to come must, in general, be established as joint stock enterprises, whereas existing enterprises must be gradually transformed into joint stock enterprises. In principle, no state-owned enterprises will be initiated at and below the county level. Viewed from solving financial difficulties, we must mainly rely on township and town enterprises to play a leading role in the days to come.

Provincial party committee standing committee member Song Zhaolong and Vice Governor Lu Ming also attended the meeting.

#### Urges Cadres To Study Theory

*HK2607051793 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 22 Jul 93*

[Text] At the seminar of chief leading cadres of the province, prefectures, and provincial departments hosted by the provincial CPC committee party school yesterday morning [22 July], provincial Secretary Gu Jinchi pointed out: We are currently facing a very arduous and pressing task, that of leading cadres spearheading the drive to study well the theory of building socialism with Chinese characteristics as well as the theory of socialist market economy.

Gu Jinchi said: The pace of reform, opening up, and modernization has now significantly quickened. The old structure of the planned economy is being further discarded, and this is accelerating the conversion to the socialist market economic structure. In the course of such conversion, new problems and new contradictions are emerging one after another. We must analyze, understand, and solve them by integrating theory with practice.

Gu Jinchi pointed out: In order to conform to the requirements of the establishment and development of the socialist market economy, we must arm the whole party and the broad ranks of cadres and masses with the theory of building socialism with Chinese characteristics and the theory of the socialist market economy. We must correctly analyze the new situation, new circumstances, and new problems, further unify our understanding, and promote speedy and efficient development of our economy with the theory of building socialism with Chinese characteristics and the theory of the socialist market economy.

Provincial leaders, [Governor] Yan Haiwang, Sun Ying, Yang Zhenjie, Li Hulin, Rao Fengzhu, Song Zhaolong, Qu Zhongyan, Lu Hao, [name indistinct], and Guo Kun, as well as chief leaders of prefectures, autonomous prefectures, cities, and provincial departments and bureaus, totalling over 80, attended the seminar.

**Jiang Visits Taiwan-Funded Enterprise Expo**

*OW2407045593 Beijing XINHUA Domestic Service in Chinese 1143 GMT 23 Jul 93*

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391) and XINHUA reporter Zhu Youdi (2612 1635 2769)]

[Text] Beijing, 23 Jul (XINHUA)—While touring the exposition of technological goods produced by Taiwan-funded enterprises this evening, President Jiang Zemin pointed out that, to revitalize China, cross-strait economic exchanges and cooperation should be further broadened.

Showing keen interest, President Jiang Zemin visited the Xiamen, Quanzhou, Jinjiang, Beijing, Hainan, Shenzhen, and Yangzhou exhibition halls. He asked questions on the business of Taiwan-funded enterprises on the mainland and was briefed by some enterprises. He said: Further development of mainland-Taiwan relations and closer cross-strait economic ties are in the fundamental interests of countrymen on both sides of the strait. The exposition gives people on both sides of the strait an opportunity to learn from one another. It also gives people a good opportunity to understand Taiwan-funded enterprises. Jiang Zemin welcomed Taiwan businessmen to invest on the mainland so that cross-strait economic ties can be further strengthened. He said that cross-strait economic cooperation, which has bright prospects, will also promote the motherland's peaceful reunification.

The several thousands of technological items and goods on display at the International Exhibition Center, which occupies several thousand square meters of floor space, collectively display the successes that businessmen and entrepreneurs on both sides of the strait have achieved in their extensive cooperation in the spheres of agriculture, machinery, electronics, light industry, textile industry, food industry, raw and semifinished raw material industry, pharmaceuticals, biology, and tertiary industries since the adoption of the reform and opening policy. Some Taiwan businessmen told President Jiang Zemin that the mainland's investment environment is good, that the market has a bright future, and that they will contribute to China's prosperity and development by properly operating national industrial enterprises.

Wang Hanbin, Song Ping, Wang Zhaoguo, Zhang Jingfu, Huang Hua, and others also visited the exposition.

**Association Fetes Investors**

*OW2407152493 Beijing XINHUA in English 1435  
GMT 24 Jul 93*

[Text] Beijing, July 24 (XINHUA)—The mainland's Association for Relations Across the Taiwan Straits today held a party for several Taiwanese businessmen

attending the first national technology and product fair of Taiwanese-funded enterprises.

During the party, Tang Shubei, executive vice-chairman of the association, talked about the discussions and achievements of the "Wang-Ku talks."

Tang said that the association has been keeping in touch with Taiwanese investors, and Taiwanese businessmen have played a great part in promoting economic cooperation on both sides of the Taiwan Straits. He also expects various local associations for Taiwanese-funded enterprises to contribute more to promote ties between the two sides.

Taiwanese businessmen at the party said that they are willing to enhance ties with the unofficial association to enhance the investment environment on the mainland.

**Reporters Apply To Cover Kuomintang Congress**

*OW2207074393 Beijing XINHUA in English 1429  
GMT 21 Jul 93*

[Text] Beijing, July 21 (XINHUA)—Three mainland reporters have applied to cover the 14th Kuomintang congress to be held in Taiwan in mid-August.

The mainland-based Association for Relations Across the Taiwan Strait (ARATS) today sent a letter to the Taiwan-based Straits Exchange Foundation (SEF) to ask for the Taiwan group's help in obtaining approval for the congressional coverage.

"It's a common understanding between our association and your foundation to promote exchanges between the press communities on each side of the Taiwan straits," the letter says.

The letter expresses the hope that the SEF will implement an agreement on the exchange of reporters reached at the talks held between ARATS Chairman Wang Daohan and SEF Chairman Gu Chen-fu in Singapore in April.

One of the three mainland reporters awaiting approval is from the XINHUA NEWS AGENCY, while the other two are from the CHINA NEWS SERVICE.

In 1992, the SEF invited 18 mainland reporters to visit Taiwan, the letter states.

This time, the letter continues, ARATS hopes that the relevant application procedures and credentials regarding the visit to Taiwan by the three reporters will be handled in the same manner as was the 1992 trip.

Enclosed with the letter are the resumes and application forms of the three reporters.

**AMCHAM Defends Taiwan Against U.S. Action**  
*OW2407210793 Taipei CNA in English 1432 GMT*  
*24 Jul 93*

[Text] Taipei, July 24 (CNA)—The American Chamber of Commerce (AMCHAM) Taipei came to the defense of Taiwan Friday [23 July], saying the United States Trade Representative (USTR) shouldn't slap trade sanctions on Taiwan or list it as a "priority foreign country."

AMCHAM Taipei President William S. Botwick, in his letter to US trade representative Mickey Kantor July 22, stated that because Taiwan has strengthened its intellectual property right [IPR] laws, it has effectively met the demands of the USTR.

Botwick said Taiwan's patent, copyright, fair trade and trademark laws are now among the most stringent in Asia.

Effective enforcement actions and judicial awards in Taiwan are increasingly benefiting U.S. firms, Botwick told Kantor. For example, he said, the Taiwan high court in June awarded a large U.S. software company US\$1 million in a civil copyright infringement case.

Moreover, he said, Chou Wei-Kuen, general manager of IBM Taiwan, expressed satisfaction in a letter to AMCHAM Taipei with the status of IPR protection in Taiwan and noted that IBM Taiwan has "experienced an obvious decrease of copyright infringement for the past two years."

Botwick said Taiwan has cd and software export controls which are being aggressively executed unlike anywhere else in Asia, which demonstrates that Taiwan is serious about controlling exports of infringing goods.

Botwick asserted that sanctions would cause great damage to U.S. businesses operating both in Taiwan and the U.S. which buy from and sell to the Taiwan market.

The damage from sanctions would likely be greater than any remedial benefits that might ensue from using the drastic measures of retaliation under the special 301 provisions of the U.S. trade law, he concluded.

**Taiwan, ROK Meet in Japan To Sign Agreement**  
*OW2407101393 Taipei CNA in English 0825 GMT*  
*24 Jul 93*

[By Sofia Wu]

[Text] Taipei, July 24 (CNA)—The Republic of China [ROC] and South Korea will sign an agreement on establishing new relations in Osaka, Japan Sunday [25 July], Vice Foreign Minister Fang Chin- yen said Saturday.

Fang made the statement prior to his departure for Osaka where he will sign the agreement on behalf of the ROC government.

Fang would not disclose the location of the signing ceremony. He also refused to reveal any details about the accord.

Negotiators from Taiwan and South Korea have been meeting in Osaka since Thursday to work out a new framework for future exchanges between the two countries.

Fang himself visited Seoul July 14-16 to discuss with his Korean counterpart Hong Sun-yong technical details concerning the establishment of new Taipei-Seoul ties.

Fang said the Ministry of Foreign Affairs will give a news conference next Monday to explain the development and outcome of Taipei-Seoul negotiations.

Diplomatic ties between Taiwan and South Korea were severed last August after Seoul recognized Beijing.

On Friday, Foreign Minister Chien Fu and other Foreign Ministry officials briefed a group of legislators from both the ruling and opposition parties on progress at the current Osaka talks.

Chien told the lawmakers that ROC and Korean negotiators reached agreement on the names of the two countries' future representative offices.

Foreign Ministry Spokesman Ouyang Jui-hsiung said late Friday night the future ROC mission in Seoul would be named "the Taipei Representative Office."

Previously, Taipei insisted its full national title be used in the designation.

Legislator Chen Chien-jen, a former vice foreign minister, said he supports the Foreign Ministry efforts in establishing new ties with Seoul.

Chen said a prolonged suspension of Taipei-Seoul ties would harm both sides.

According to government tallies, two-way trade between Taiwan and South Korea reached US\$3.45 billion last year, with Taiwan suffering a deficit of US\$1.15 billion.

**Agreement on Ties 'Pending'**

*OW2607082393 Taipei CNA in English 0757 GMT*  
*26 Jul 93*

[By Lillian Lin]

[Text] Taipei, July 26 (CNA)—Negotiations for renewed relations between the Republic of China [ROC] and South Korea ran aground Sunday [25 July] due to differences over the respective names of future representative offices.

The two countries were scheduled to sign an agreement on Sunday to restore unofficial ties after diplomatic relations were severed last August when seoul recognized Beijing.

The two negotiating parties, however, failed to reach agreement on the name of future representative offices.

Neither party was satisfied with the proposed use of "Taipei Mission in the Republic of Korea" or "Korea Mission in Taipei."

In addition, the Korean Government called for better treatment of Koreans working in Taipei. The Korean representative said ROC regulations governing foreign workers were inflexible.

The ROC's leading negotiator, Vice Foreign Minister Fan Chin-yen, returned to Taipei from the negotiation venue in Osaka, Japan Sunday. He said former ROC ambassador to Seoul Charles Shu-chi King [name as received] and his Korean counterpart remained in Osaka awaiting further instructions from their respective governments.

Fan said both sides are still trying to iron out their differences and the signing ceremony is pending.

#### Taipei Approves \$50 Million Loan for Vietnam

*OW2307140893 Taipei CNA in English 1345 GMT  
23 Jul 93*

[By Bear Lee]

[Text] Taipei, July 23 (CNA)—The Republic of China [ROC] will grant Vietnam US\$50 million in loans to finance development of small- and medium-sized enterprises and construct a freeway in the IndoChinese country, the Economics Ministry announced Friday [23 July].

Economics Minister P.K. Chiang will also visit Vietnam July 27 to discuss issues on economic cooperation between the two nations.

Meanwhile, a visiting Vietnamese delegation began meetings with Taiwan business leaders Friday in a bid to solicit greater Taiwan investments in their country.

The 240-member delegation, led by Doan Ngoc Bong, first deputy president of the Chamber of Commerce and Industry of Vietnam, is the largest of its kind ever to visit Taiwan.

Members of the delegation include Vu Oanh of the Politburo, Mayor Le Ai Hoi of Hanoi, Deputy Mayor Phan Chang Truc of Ho Chi Minh City, and governors or deputy governors of 30 Vietnamese provinces.

In conjunction with the delegation's visit, a Vietnamese products show and investment promotion campaign will be held at the Taichung World Trade Center in central Taiwan from July 24 to Aug. 1.

The ROC set up a representative office in Hanoi last year to deal with the burgeoning trade between the two countries, which totaled US\$400 million last year. Taiwan's accumulated capital in Vietnam of US\$ 1.2 billion makes it Vietnam's largest foreign investor.

#### Approves Loans to Other States

*OW2407210893 Taipei CNA in English 1440 GMT  
24 Jul 93*

[Text] Taipei, July 24 (CNA)—The Republic of China [ROC] will provide loans to the Philippines, Nauru, Vietnam, Niger and Nicaragua to finance their development projects, an economics official said Saturday [24 July].

The loans, which will come from the international economic cooperation development fund, were approved during a meeting chaired by economic affairs minister Ping-kun Chiang on Friday.

The Philippines will receive US\$23.57 million for the first phase development of 120 hectares in the Subic Bay area. The two countries will sign a contract for the low-interest loan in August.

Nauru will receive a US\$8.94 million loan to refurbish a state-run hotel, the site of the South Pacific Forum's 1994 annual meeting.

According to the official, Niger will get US\$20 million to finance the construction of 1,100 housing units.

The biggest beneficiary will be Vietnam, which will receive US\$45 million in loans to finance the construction of a highway and the development of small enterprises in the Indo Chinese country.

Nicaragua, the official added, will be granted a US\$1 million loan for the development of small businesses.

Founded in October, 1989 to help other developing countries, the fund has approved 16 loan applications worth US\$241.8 million.

#### Economics Minister To Visit Vietnam 'Next Week'

*OW2407095793 Taipei CNA in English 0756 GMT  
24 Jul 93*

[By Y. C. Tsai]

[Text] Taipei, July 24 (CNA)—A ranking Taiwan official will visit Hanoi next week to meet with his Vietnamese counterpart to promote financial exchanges between the two countries.

Chen Mu-tsai, director of the Finance Ministry's Bureau of Monetary Affairs, is scheduled to fly to Hanoi July 27 to study the feasibility of allowing more domestic financial institutions to establish branches in the IndoChinese country.

Currently, the International Commercial Bank of China and the Cathay Investment and Trust Co. have opened offices in Vietnam, while the Farmers Bank of China and the Medium Business Bank of Taipei have also shown keen interest in setting up branches there.

Trade ties between Taiwan and Vietnam have grown substantially in recent years. Domestic manufacturers have channeled US\$1.2 billion into the Indochinese country, making Taiwan the largest foreign investor in Vietnam. Two-way trade totaled US\$400 million last year.

In order to further enhance economic cooperation between the two countries, Economic Affairs Minister P. K. Chiang will also visit Hanoi next week.

#### Editorial on 'Significance' of APEC Summit

*OW2607085593 Taipei CHUNG KUO SHIH PAO in Chinese 17 Jul 93 p 3*

[17 July editorial: "We Should Have the Spirit of Perseverance in Taking Part in the APEC Summit"]

[Text] U.S. President Bill Clinton's proposal for holding an Asia-Pacific Economic Cooperation (APEC) summit is being extensively discussed in the Asia-Pacific region. No matter whether his proposal can be realized or not, we must attach great importance to the significance of the proposal and diplomatic opportunity which may be brought to us by the summit.

Broadly analyzing the situation, the APEC conference's elevation to a summit can bring positive contributions to establishing a regional trade order and promoting free trade in the world. The friction between the United States and Japan on trade matters may be alleviated as a result of the establishment of a trade order among various countries in the region, and the EC will also find it difficult to defend its trade barrier due to the common understanding in free trade of Asian-Pacific countries. Therefore, if the APEC summit can be held, it will have a positive meaning to promoting economic prosperity and international trade in the world as well as in the Asia-Pacific region.

Analyzing the situation from Taipei's point of view, Taipei's smooth participation in the summit will certainly be a major breakthrough in foreign affairs. Although the summit is an economic meeting in nature, our participation will be a confirmation of us as a political entity. Therefore, because the summit's convocation has its "necessity" and our country is a formal APEC member and has "normal" reason to request participation in the summit, the participation in the summit has naturally become the primary objective of our diplomatic affairs in the present stage.

However, as our countrymen also know, the convocation of an APEC summit will not be as smooth as President Bill Clinton expects. The economic order to be represented by the APEC summit will be built on the basis of the old Asia-Pacific regional order, and will not be built in a power vacuum. The existing interests and conflicting relations in the old order will directly influence the establishment of a new order. For example, ASEAN is an old order, and so far there is still no clear defining of relations as to which is the primary organization and

which is the secondary organization between APEC and ASEAN. It is a major reason Malaysia opposes the APEC summit. Kuala Lumpur is very worried about the possibility that, once the summit is held, the United States will naturally become the main leading force of the new order in the Asia-Pacific region and ASEAN will gradually be downgraded to the edge of the international arena. Therefore, how to define a correct position for ASEAN in APEC has become a key to whether or not the latter can successfully establish a new order.

The contradiction of "three Chinas" among Hong Kong and the two sides of the Taiwan Strait is also an old order left by history, and it is also an obstacle to the establishment of a new order. Taipei and other relatively optimistic countries view the new and old orders from the angle of their functions. They hold that, with the establishment of a new order, various countries and parties can adjust their new relations and accumulate new experiences in cooperation. Those experiences may gradually dissolve the remnant hostility and contention left by the old order. Beijing and some relatively pessimistic countries view the question from an angle of realism. They lack confidence in the new order and hold that, before a general solution to various problems of the old order, a new order cannot be established, and they also refuse to accept the new order. Owing to the fact that ASEAN countries and Mainland China have sufficient power to obstruct the convocation of a summit, various countries cannot but pay good attention to their attitude. Japan has expressed willingness to support the idea of holding such a summit on the condition that Communist China and Malaysia would also take part in the summit. This is the best example.

Therefore, realistically speaking, it will not be easy to convince Communist China and ASEAN countries and successfully convene the APEC summit before November this year. However, we are not saying that Taiwan should thus stop our present efforts. On the contrary, Taiwan should persevere in winning its participation in the APEC summit. Even if the summit cannot be held this time or if our country cannot take part in the summit, it should only be considered a small setback. There will be a long way and many opportunities in the future. Objectively speaking, a summit for strengthening economic cooperation is indeed necessary. It is an undeniable fact, and is also the mainstream of international politics. So long as this continues to be the fact and so long as Taiwan's economy can continue to be prosperous, our country's taking part in a similar summit will only be a matter of time. When countries in a region discover that various kinds of resentments of the old order cannot be solved in a short period and that there is imminent need to establish a new order and strengthen cooperation, concerned countries will certainly think about the question from a different point of view.

If this summit indeed cannot be convened, the United States will certainly take it as a lesson and make efforts to strengthen dialogues with other countries and establish a

common understanding beforehand. In this way, a multichannel and multilevel dialogue mechanism will likely emerge with the driving force of the United States and make way for the next summit meeting. To us, this also means diplomatic space and opportunity. We should take advantage of this opportunity to let more countries know and accept our contributions to regional development and our position as an independent political entity.

Accordingly, now the most important thing is to stand firm and not to criticize each other and lose our direction because of a temporary setback. What the government and public should do is find and form a foreign policy in concert with the goals of both the ruling and opposition parties to overcome difficulties in foreign affairs. Only in this way can we concentrate all our forces and take concerted action in foreign affairs and jointly march toward our common goal. So long as we can follow the trend of the present times and so long as we always keep up hope, achieving a breakthrough in foreign affairs is just around the corner.

**Taiwan Seeks Dialogue With ASEAN Nations**  
*OW2407101293 Taipei CNA in English 0806 GMT  
 24 Jul 93*

[By Benjamin Yeh]

[Text] Taipei, July 24 (CNA)—The Republic of China [ROC] will continue its efforts to become a dialogue partner with the Association of Southeast Asian Nations even though political pressure has stalled negotiations, Foreign Ministry Spokesman Ouyang Jui-hsiung said Saturday [24 July].

"The ROC Government's push will go ahead no matter whether Mainland China becomes an ASEAN observer," Ouyang said.

ASEAN comprises the Philippines, Brunei, Malaysia, Thailand, Indonesia and Singapore. The organization convened a foreign ministerial meeting in Singapore July 23-24.

The organization is also considering allowing Mainland China and Russia, the two regional superpowers, to attend the expanded ASEAN meeting July 26-28. The superpowers would be invited to participate in a regional security forum to be held at the expanded meeting.

Ouyang said ROC participation in the regional organization is imperative, given the close economic and trade links between the ROC and ASEAN member countries.

The ROC's growing economic clout can help the development of the Asia-Pacific region, Ouyang said.

Taiwan's desire to become an ASEAN dialogue partner has been forwarded to the organization through ROC representative offices in member countries, the spokesman added.

**Taipei Refutes Charges on Prisoner Treatment**  
*OW2307135993 Taipei CNA in English 1338 GMT  
 23 Jul 93*

[By Sofia Wu]

[Text] Taipei, July 23 (CNA)—The Republic of China [ROC] has never maltreated its death row inmates, the Ministry of Justice said Friday [23 July].

The ministry was responding to a statement issued by Amnesty International earlier this week that said Taiwan abused death row inmates by shackling their feet.

The London-based human rights group further criticized the use of lethal injections as an execution method and the practice of "harvesting" organs from executed prisoners for transplants.

Vice Justice Minister Lin Hsi-hu said it is necessary to shackle the feet of death row inmates to prevent them from escaping or killing themselves.

Lin denied Amnesty's claim that death row inmates were often "left to rot" until their executions.

He also said the charge that Taiwan uses lethal injections is unfounded. "Shooting is the current method used to carry out an execution," he noted.

Although the Legislative Yuan recently passed a revision to the Prison Law that includes lethal injection as an option for execution, Lin said the practice has not been employed because it comes into conflict with the Hippocratic oath taken by the doctors who must administer the injections.

Lin also said Taiwan did not execute prisoners just to harvest their organs for donation. "Any organ donated by a prisoner is done with his or her consent," he stressed.

Lin added that death row inmates volunteered to donate their organs as a form of redemption.

## Hong Kong

### Lawmakers Accuse U.S. of 'Hypocrisy' Over Arms

HK2407035093 Hong Kong *THE STANDARD* in English 24 Jul 93 pp 1, 2

[By Jason Gagliardi]

[Text] United States sanction threats against China over arms sales sparked outrage across Hong Kong yesterday, after it was revealed the U.S. is now the undisputed king of Third World arms deals. Legislators, lawyers and academics accused the U.S. of gross hypocrisy, amid warnings that any sanctions against China would also hit Hong Kong's economy.

"The U.S. are the masters of hypocrisy and double standards," Hong Kong lawyer Liu Yiu-chu said. "They are the bullies of the world playground—and no one wants to play with them any more."

The Hong Kong protests come as U.S. Secretary of State Warren Christopher and Chinese Foreign Minister Qian Qichen prepare for a showdown on arms sales at Sunday's [25 July] Association of Southeast Asian Nations (Asean) summit in Singapore.

The U.S. has taken over from the former Soviet Union as by far the biggest arms supplier to the Third World, according to a report released yesterday by the U.S. Congressional Research Service. It reveals that the U.S. accounted for almost two-thirds of the \$24 billion in arms supply agreements signed by Third World countries in 1992.

Five years ago, the U.S. supplied only 13 percent of the same market. In the same period, China dropped from fifth to tenth in the ranks of Third World arms suppliers and last year supplied less than 1 percent of the market.

Two days before the report's release, the U.S. threatened to impose economic sanctions on China after intelligence reports claimed Beijing had shipped all the necessary components for building nuclear-capable M-11 missiles to Pakistan.

Independent legislators Emily Lau and Vincent Cheng lashed the U.S. for its hypocrisy. "I am not saying the U.S. concerns about China are groundless but it is certainly hypocritical to threaten sanctions when the U.S. is doing the same thing," Lau said.

"I would like to see them put their own house in order if they want people to listen to them about China. It is just like the immigration issue—the U.S. throws out the Haitians but tells us to keep the Vietnamese. It is time for them to practise what they preach."

Liu, a Hong Kong affairs adviser to the National People's Congress, said if the U.S. continued to throw its weight around, the policy would "backfire in its face". "Many countries will prefer just to trade amongst each other and have nothing to do with the U.S.," she said.

"They simply apply whatever standards are convenient to them at the time—culturally, socially and economically. They are the bullies of this Earth."

Legislator Tam Yiu-chung also joined in condemning the U.S. for bullying tactics and double standards.

Hong Kong General Chamber of Commerce director Brigadier Ian Christie said it was likely any U.S. sanctions against China would involve high-technology products. "This would affect Hong Kong's re-export trade because many of these types of products come through Hong Kong first," he said.

Chinese University political scientist Tony Liao said many people felt the U.S. was guilty of double standards. "But I doubt places like Hong Kong and Japan will say much because they need U.S. support," he said.

### Cooperation To Halt 'Boat People Tide' Urged

HK2607112693 Hong Kong *ZHONGGUO TONGXUN SHE* in Chinese 0633 GMT 21 Jul 93

[("Special article" by reporter Hong Wen (1738 5113): "China and Hong Kong Should Cooperate To Stem Boat People Tide")]

[Text] Hong Kong, 21 Jul (ZHONGGUO TONGXUN SHE)—The Hong Kong Marine Police has made frequent interceptions of illegal immigration attempts by Vietnamese boat people lately; by June this year, the number had exceeded 1,000, the bulk of them saying they were from Guangxi's Beihai. Although these boat people's original place of residence needs to be verified further, the boat people issue, which had been calming down, has stood out once again and has aroused the concern of Hong Kong residents, who require China and Hong Kong to adopt effective measures to handle this issue promptly, which involves Hong Kong's social order and the people's livelihood, in an attitude of active cooperation. Citing a XINHUA News Agency Hong Kong Branch official, a member of the Democratic Alliance for the Betterment of Hong Kong stated that China's policy on the boat people remains the same as ever; however, there was a need to verify accurately their original place of residence to avoid some boat people using Beihai as a springboard to swarm into Hong Kong. In addition, a Chinese Foreign Ministry spokesman reiterated that China has always held an attitude of active cooperation on the issue of preventing Vietnamese boat people heading for Hong Kong and resolving the boat people issue. At the same time, it is hoped that the British Hong Kong Government would adopt effective measures to handle related issues appropriately. An official of the Chinese Ministry of Civil Affairs also stated that the status of the Vietnamese boat people coming to Hong Kong via Guangxi had to be verified further.

Although the original place of residence of those boat people involved in illegal immigration and the specific cause awaits verification, there is no time for China and Hong Kong to lose to stem the tide of illegal immigration

through total cooperation. According to the British Hong Kong Government, the cost of maintaining boat people held in Hong Kong is approximately HK\$80 [Hong Kong dollars] per head; namely, an average monthly expenditure of HK\$2.5 million in the future. What is worrying is the fact that, if the matter is not handled promptly, other boat people will keep arriving and this could start another tide of boat people, which could result in unnecessary burdens to the Hong Kong community.

The boat people repatriation issue is specific and complicated and calls for a serious and responsible attitude and appropriate handling. It seems unfair to repatriate all of the boat people to China before there is any conclusive evidence of the fact that these few batches of boat people had actually settled in China. In addition, because of China's long coastline, it is really difficult to do a perfect job of interception; at the same time, there is a possibility that some smuggling ring leaders will instigate and make arrangements for boat people to come to Hong Kong, while some people might "fish in troubled waters." This being the case, it is all the more necessary for the British Hong Kong Government to adopt more active measures, apart from interception and repatriation, to correct the boat people's mentality of trying their luck, while reducing Hong Kong residents' confusion.

Hopefully, the tide of Vietnamese boat people will be resolved as soon as possible through consultations and cooperation between China and Hong Kong, seeking an appropriate solution with an active attitude, and the best policies of each side applied through multiple channels in mutual cooperation.

#### **PRC Official Accuses UK of 'Little Tricks'**

*HK2507051093 Hong Kong WEN WEI PO in Chinese  
25 Jul 93 p 16*

[Report: "XINHUA Hong Kong Branch Deputy Director Zhang Junsheng Accuses Hong Kong Government of Playing Little Tricks Again"]

[Text] Zhang Junsheng, deputy director of XINHUA NEWS AGENCY Hong Kong Branch, yesterday accused the Hong Kong Government of playing another little trick for announcing the establishment of the Boundary and Election Commission. He pointed out: If the British side really wishes that achievements will be attained at the Sino-British talks ... the issue of 1994-1995 electoral arrangements, it should not have continued playing little tricks during the talks.

When asked while attending the reception to celebrate the founding of Fujian Townsfolk Association's Committee of Showing Concern for Townsfolk Rights and Interests whether the establishment of the Boundary and Election Commission announced by the Hong Kong Government will affect the Sino-British talks, Zhang reiterated: When the Sino-British talks just began, the Chinese side criticized the British side for playing some little tricks, among which was its decision to set up a Boundary and Election Commission. At present, the

Sino-British talks on the 1994-1995 electoral arrangements are under way, and the talks have entered their eighth round, with the ninth to follow in the middle of August. Hence, the British side should not have continued playing such little tricks if it really wants the talks to yield positive results.

Zhang Junsheng stressed: This is the consistent attitude of the Chinese side. As to whether or not the announcement of the Hong Kong Government on establishing the Boundary and Election Commission shows that the British side lacks sincerity in the talks, he asked the questioners to use their own heads.

#### **Debate Over Use of Military Sites Continues**

*HK2407042093 Hong Kong SOUTH CHINA MORNING POST in English 24 Jul 93 pp 1, 2*

[By Fanny Wong and Chris Yeung]

[Text] Tens of billions of dollars from the sale of military sites in Hong Kong might go to the People's Liberation Army (PLA), depending on the outcome of a dispute between China and Britain over how to dispose of unused defence land after 1997.

The Sino-British Joint Liaison Group (JLG) is understood to have discussed an arrangement requiring the PLA to hand over unwanted land to the Special Administrative Region (SAR) Government. The British side wants to make sure the present policy of handing over such sites to civilian use continues beyond the changeover.

Without such an assurance from the Chinese side before 1997, it is feared that proceeds from selling military land for redevelopment may be channelled into the PLA instead of the public coffers. The two sides cannot agree on the subject, making it another sticking point at the diplomatic body's negotiations over the future use of military sites.

Beijing is adamant that military sites currently occupied by British forces in the urban areas should be handed over to the PLA, despite repeated requests by Britain to release them before 1997 for non-military developments. China argues that it has yet to finalise its military plans for Hong Kong and therefore the sites should not be released now.

Although the Basic Law has provisions governing the stationing of the PLA in Hong Kong, the handover arrangements for military sites is not addressed. While official estimates of the total value of the territory's military sites are not available, private developers put the figure at about \$81 billion—80 percent of Hong Kong's present reserves.

The British Forces occupy more than 2,800 hectares of land in the territory. About 70 percent of that is at the Castle Peak Firing Range in the New Territories. One of the prime sites is the Prince of Wales Barracks in the heart of Central.

Mainland sources said yesterday that China would not make a commitment to Britain on the handover arrangements for military sites in the SAR. "It was not a matter between the two countries," said a source.

"It's a matter between the SAR and the central Government. It has nothing to do with Britain. They are about to pack and go. Why should they meddle over the issue?" he said.

He conceded that the Chinese Government had yet to clearly spell out its stance on the issue. He believed, however, that the current British practice would be applied after 1997.

"Judging from normal practice, the PLA will hand over the military sites to the SAR Government. Whether China can make the commitment to Hong Kong people before 1997 is another matter."

He rejected claims that the PLA had been eyeing the huge economic benefits if the sites were redeveloped. "I don't think there will be PLA-run hotels and factories etc. Chinese are very concerned about face. There's no reason (for China) to invite criticism. There are many other channels through which the PLA could do business in Hong Kong," he said.

The present arrangement stems from an order issued in the 1890s by the Colonial Office in London which instructed British garrisons to hand over land not needed for military purposes to the local civilian administration.

Britain's objective at the JLG discussions is to secure China's agreement to release as many military sites in the urban areas as possible for redevelopment. Beijing is still adamant that it reserves the right to keep the sites for the PLA.

The subject has been under discussion for more than seven years. The British side, however, had sought to concentrate the talks on sites in urban areas as those were more difficult to resolve than areas in the more sparsely settled New Territories. The Government is hoping to turn some of the urban sites over to public amenities, while others would be offered for commercial and residential development.

#### Article on Hong Kong's PLA Garrison After '97

HK2307122093 *Hong Kong YI CHOU KAN* in Chinese  
No 176, 23 Jul 93 pp 44-50

[("Cover Story" by Huang Ying-ming (7806 4481 2494))]

[Text] Mainland military officials are afraid of meeting reporters. However, Xu Huizi, deputy chief of staff of the People's Liberation Army [PLA], acted out of character last week. He arrived at the North Room of the Great Hall of the People, where Hong Kong reporters had gathered, and answered their questions without restraint. He dwelled on the stationing of PLA troops in Hong Kong after 1997. Obviously, he was trying intentionally to direct certain information.

Instead of disclosing any secrets, Xu merely gave advance notice to Hong Kong people: "The PLA will come soon!" But very few people know how they will come and how they will be deployed.

According to information collected by this magazine, the PLA has worked out a specific plan for stationing troops in Hong Kong four years from now. A special office has been set up to work out detailed plans for the stationing of troops and defense deployment. It is astonishing that, besides the PLA, the Armed Police [People's Armed Police] will also be stationed in Hong Kong.

#### A "97.6 Office" Has Been Established

It is believed that code "97.6" of the special office refers to June 1997 (the date when sovereignty of Hong Kong will be resumed). The office was established with the instructions of the CPC Central Military Commission. The office, which is under leadership of the General Staff Headquarters and under the jurisdiction of the Guangzhou Military Region, started operations last month.

The Guangzhou Military Region, which covers the five provinces of Guangdong, Guangxi, Hainan, Hubei, and Hunan, occupies a very important position in national defense and is one of seven military regions. As Hong Kong is adjacent to Guangdong, it will naturally come under the jurisdiction of the Guangzhou Military Region and will become a special defense zone.

According to the plan, around 10,000 PLA troops will be stationed in Hong Kong in 1997. They will mainly comprise ground forces, with a limited number of air and naval forces. Moreover, they will not be equipped with heavy weapons, a situation more or less the same as the British forces in Hong Kong. Nevertheless, a patrol ship will be dispatched specially to the Hong Kong naval base.

Troops stationed in Hong Kong will be under a ground force commander, holding the title of senior colonel. There were reports saying that the commander would be a major general. These reports are untrue because Hong Kong is a defense zone under the Guangzhou Military Region. Generally speaking, the commander of a military region is a lieutenant general, therefore, the rank of the Hong Kong commander cannot be that high.

#### Garrison Troops Will Come From 41st and 42d Group Armies

The 10,000 troops will come from 41st and 42d groups armies of the Guangzhou Military Region, mainly the latter. As these two armies were not involved in the 4 June Tiananmen Square bloodbath and have a "clear" record, they will not evoke the resentment of the Hong Kong people. At present, the 41st Group Army is responsible for the defense of Guangxi, while the 42d Group Army is stationed in Guangdong.

Most of the two group armies' officers and men come from other provinces, mainly Hunan and Hubei. Therefore,

most of the troops garrisoned in Hong Kong will be from other provinces and very few will be from Guangdong.

It is said that the "97.6 Office" has started selecting officers from the two group armies who will be stationed to Hong Kong in four years' time. Most of the officers selected are the children of senior cadres with a relatively high educational level.

#### **Ready to Take Over in Advance**

Some officers have started to receive training. At present they are studying Hong Kong's laws, geography, garrison, and local customs. They are also required to learn English.

The "97.6 Office" started preparatory work a month ago. One of its intention is to prepare for the worst. If there is any turmoil in Hong Kong, they can take over in advance and send troops to suppress the turmoil.

#### **Armed Police Will Also Be Stationed**

In addition to PLA troops, the mainland will dispatch armed forces, composed of armed police, to Hong Kong in 1997.

Armed police dispatched to Hong Kong will be under the command of the Guangdong Armed Police Headquarters. It has not yet been determined how many armed policemen will be stationed, but they will not be included in the 10,000-strong garrison. In other words, armed personnel dispatched to Hong Kong after 1997 will not be less than 10,000.

On the mainland, both the Armed Police and the PLA are under the leadership of the Central Military Commission. Each does things in its own way and none is under the other. The Armed Police possess light weaponry and armored vehicles, except tanks. The two are more or less the same, except they have different tasks. The Armed Police are mainly responsible for maintaining public order.

When these troops are stationed in Hong Kong after 1997, they will be placed on garrison duty in the most sensitive areas, which includes oil depots, consulates, television and radio stations, and the airport. They will be responsible for defense, more or less like military policemen in other countries.

#### **Possible Merger With Police Establishment**

When the Armed Police are stationed in Hong Kong, they will not get involved in the routine duties of the Hong Kong Police and the maintenance of public order. However, the "flying tigers" squad [Royal Hong Kong Police SWAT team] and border defense troops could possibly be replaced by the Armed Police. It is still not known whether Armed Police stationed in Hong Kong will merge with the police establishment. The question is pending awaiting further study.

The PLA will normally remain in its barracks and will not perform duties in urban areas after 1997. However, the situation will be different for the Armed Police, who may appear in urban areas.

The Chinese side has only talked about the PLA and has never mentioned stationing the Armed Police in the past. Whether or not the Armed Police can cooperate with the Hong Kong Police will have a great impact.

#### **Plans To Enter Former British Military Barracks**

The mainland military has also selected locations for garrison troops, including existing British Army barracks. Moreover, the PLA is also trying to get the building located at the Tamar Naval Base, which is now the British Forces headquarters.

According to a reliable source, PLA representatives arrived in Hong Kong a year ago and were received by the British Forces Information Group. After viewing the barracks, they wanted to take all of them over and transfer the property rights to the military.

The PLA covets these barracks for its defense needs as well as economic benefits. As the price of the land at some of the British barracks has increased, if the PLA gets the property rights, this will be tantamount to obtaining an enormous asset. If properly used, the economic benefits are immeasurable. It is estimated that the market value of land owned by the British Forces exceeds HK\$100 billion, of which the British Forces' headquarters in Admiralty is the most valuable, worth HK\$20 billion.

In order to prevent PLA troops being stationed in the urban area and to obtain the maximum benefit, the British have transferred military land for commercial purposes over the year. For example, the Tamar Naval Base was moved to Stonecutters Island. When the waters between Central and Wan Chai are reclaimed later, the British Forces' headquarters will be sold for commercial purposes.

The perpetration of such a gigantic fraud has evoked a strong response from the mainland military, which believes that the British side is "playing tricks." Until recently, the mainland military was willing to make some compromises, but the Chinese side must be consulted first if any change are made to military barracks in the future.

Nonetheless, the mainland military will never make concessions on two points: First, taking over the British Forces' headquarters in Admiralty, which will become the PLA headquarters in Hong Kong; and second, some garrison forces will be placed in the urban areas to display sovereignty.

The location of the PLA garrison after 1997 has basically been settled. When the final plan is confirmed, it will be impossible for the British Forces to perpetrate any fraud.

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